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83D CONGRESS
1ST SESSION

S. 1081

IN THE SENATE OF THE UNITED STATES

FEBRUARY 25, 1953

Mr. CAPEHART (for himself, Mr. MAYBANK, Mr. BEALL, Mr. BUSH, Mr. DOUGLAS, Mr. FREAR, Mr. FULBRIGHT, Mr. IVES, Mr. LEHMAN, Mr. PAYNE, Mr. ROBERTSON, and Mr. SPARKMAN) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To provide authority for temporary economic controls, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Defense Production Act of 1950, as amended, is
4 amended by adding at the end thereof the following new
5 title:

6 “TITLE VIII—TEMPORARY EMERGENCY PRICE,
7 WAGE, AND RENT CEILINGS

8 “SEC. 801. In spite of substantial increases which have
9 occurred since the outbreak of the conflict in Korea, prices
10 are now generally in normal relationship and the economy

1 as a whole is relatively stable. It is the sense of the Con-
2 gress that this stability can be maintained by the full and
3 effective use of indirect controls barring unanticipated and
4 adverse international developments. There is, however, the
5 ever present possibility of further Communist aggression
6 which may seriously jeopardize the American economic
7 system unless proper safeguards exist for the immediate
8 imposition of certain economic controls. The necessity for
9 such safeguards is emphasized by the speedily destructive
10 force of modern warfare which allows no delay in the
11 taking of Executive action to insure the preservation of the
12 well-being of the economy. The purpose of this title is to
13 provide a basis for the imposition of price, wage, and rent
14 controls for a temporary period in the event serious economic
15 dislocations develop which threaten the national security
16 or welfare.

17 "It is the sense of the Congress that direct economic
18 controls are incompatible with the American free enterprise
19 system and should be invoked only if an emergency arises
20 serious enough to threaten the economic well-being or
21 security of the United States. However, if such an
22 emergency should develop the President must have the
23 power to employ immediate economic controls for such rea-
24 sonable period of time as will give Congress an opportunity
25 to act.

1 “SEC. 802. There is hereby established a National Ad-
2 visory Council composed of members to be appointed by the
3 President, by and with the advice and consent of the Senate.
4 The membership shall be representative of business and in-
5 dustry, agriculture, labor, the military, and consumers. The
6 President shall designate a Chairman from among the mem-
7 bers. Such Council shall, upon request, advise the President
8 on general policies relating to economic mobilization, in
9 addition to performing the functions prescribed elsewhere in
10 this title. Each member may receive compensation not in
11 excess of \$50 per diem for each day he is actually engaged
12 in the performance of his duties as a member, and, while
13 away from his home or regular place of business, he may be
14 allowed transportation and not to exceed \$15 per diem in
15 lieu of subsistence and other expenses while so employed.
16 The members shall, in respect to their functions on the Coun-
17 cil, be exempt from the operation of sections 281, 283, 284,
18 434, and 1914 of title 18 of the United States Code, section
19 412 of the Mutual Defense Assistance Act of 1949, and sec-
20 tion 190 of the Revised Statutes (5 U. S. C. 99).

21 “SEC. 803. (a) The President is authorized and di-
22 rected, after consulting the National Advisory Council,
23 whenever he shall find and declare that the exercise of such
24 authority is necessary in the interest of national security
25 or economic stability, to establish by Executive order ceilings

1 on (1) the price, rental, commission, margin, rate, fee,
2 charge, or allowance paid or received on the sale or delivery,
3 or the purchase or receipt, by or to any person, of materials
4 and services, (2) wages, salaries, and other compensation
5 paid or received with respect to employment, and (3) rents
6 paid or received for the use or occupancy of housing accom-
7 modations, at the levels prevailing as of the close of business
8 on the business day next preceding the day on which the
9 action is taken, or, if none prevailed on such day, then those
10 prevailing on the nearest date on which, in the judgment of
11 the President, they are generally representative. All ceil-
12 ings established under this title shall terminate ninety days
13 after the issuance of such order, or at such earlier time as
14 Congress may by law provide, and the authority conferred
15 by this title to establish ceilings shall not thereafter be
16 exercised.

17 “(b) The President may provide exemptions from ceil-
18 ings in the case of any materials or services or transactions
19 therein, or types of employment, or housing accommodations
20 of any class or in any area, if he finds that (1) such exemp-
21 tion is necessary for national defense, or (2) the imposition
22 of such ceilings would be impracticable or unnecessary in
23 order to effectuate the purposes of this title.

24 “(c) Notwithstanding any other provision of this sec-
25 tion, the President may exercise any authority granted to

1 him by this title without prior consultation with the National
2 Advisory Council in the event a state of war exists.

3 “SEC. 804. The President may make such rules, regu-
4 lations, and orders as he deems necessary and appropriate
5 to carry out the provisions of this title. Whenever in the
6 judgment of the President such action is necessary or proper
7 in order to effectuate the purposes of this title, he may, by
8 regulation or order, regulate or prohibit speculative or
9 manipulative practices or renting or leasing practices (in-
10 cluding practices relating to the recovery of possession) in
11 connection with any housing accommodations, which in his
12 judgment are equivalent to or are likely to result in rent
13 increases inconsistent with the purposes of this title.

14 “SEC. 805. (a) Regardless of any obligation heretofore
15 or hereafter entered into, it shall be unlawful—

16 “(1) for any person to sell or deliver, or in the
17 regular course of business or trade to buy or receive,
18 any material or service, or to demand, accept, receive,
19 or retain any rent for the use or occupancy of any
20 housing accommodations, or otherwise to do or omit
21 to do any act, in violation of this title or any regulation,
22 order, or requirement issued thereunder, or to offer,
23 solicit, attempt, or agree to do any of the foregoing; or

24 “(2) for any employer to pay, or any employee

1 to receive, any wage, salary, or other compensation in
2 contravention of any regulation or order promulgated
3 by the President under this title.

4 The President shall prescribe the extent to which any pay-
5 ment (including any wage, salary, or compensation pay-
6 ment), either in money or property, made in contravention
7 of any such regulation, order, or requirement shall be disre-
8 garded by the executive departments and other governmental
9 agencies in determining the costs or expenses of any person
10 for the purposes of any other law or regulation, including
11 bases in determining gain for tax purposes.

12 “(b) Any person who willfully violates any provision
13 of this section shall, upon conviction thereof, be subject to a
14 fine of not more than \$10,000 or to imprisonment for not
15 more than one year, or both.

16 “SEC. 806. Nothing in this title shall be construed to
17 require any person to sell any material or service, or to
18 offer any housing accommodations for rent, or to perform
19 personal services.

20 “SEC. 807. As used in this title—

21 “(a) The term ‘rent’ means the consideration, includ-
22 ing any bonus, benefit, or gratuity, demanded or received
23 for or in connection with the use or occupancy of housing
24 accommodations, or the transfer of a lease of housing accom-
25 modations.

1 “(b) The term ‘housing accommodations’ means any
2 building, structure or part thereof, or land appurtenant
3 thereto, or any other real or personal property rented or
4 offered for rent for living or dwelling purposes (including
5 houses, apartments, rooming or boarding house accommoda-
6 tions, and other properties used for living or dwelling pur-
7 poses) together with all privileges, services, furnishings,
8 furniture, and facilities connected with the use or occupancy
9 of such property.

10 “SEC. 808. This title shall become effective on May 1,
11 1953.”

12 SEC. 2. (a) Subsection (a) of section 717 of the De-
13 fense Production Act of 1950, as amended, is amended by
14 inserting before the period at the end thereof a semicolon
15 and the following: “and title VIII of this Act and all
16 authority conferred thereunder shall terminate at the expira-
17 tion of ninety days after the President proclaims that the
18 existing international emergency requiring the involvement
19 of armed forces of the United States in actual hostilities in
20 the Korean conflict has ended”.

21 (b) Subsection (b) of such section 717 is amended by
22 adding at the end thereof the following:

23 (4) Sections 702, 703, 705, 706, 707, 710, 711, 713,
24 715, and 716 of this Act shall continue in effect until the

1 expiration of title VIII of this Act; except that section 705
 2 shall not become operative until the President establishes
 3 ceilings on prices, wages, and rents under title VIII.”

83D CONGRESS
 1ST SESSION

S. 1081

A BILL

To provide authority for temporary economic controls, and for other purposes.

By Mr. CAPEHART, Mr. MAYBANK, Mr. BEALL,
 Mr. BUSH, Mr. DOUGLAS, Mr. FREAR, Mr.
 EULBRIGHT, Mr. IVES, Mr. LEHMAN, Mr.
 PAYNE, Mr. ROBERTSON, and Mr. SPARKMAN

FEBRUARY 25, 1953

Read twice and referred to the Committee on
 Banking and Currency

objective which you have always given so earnestly in the past, I am,
Sincerely yours,

ALEXANDER WILEY.

That correspondence demonstrates that I stated as part of the understanding in connection with my cosponsorship of the Wiley bill the agreement that we would move simultaneously to adopt legislation to deepen the channels.

At the beginning of the year, I accepted an assignment to serve on the Senate Foreign Relations Committee. There were many reasons for that decision, but one of the most important reasons was my knowledge that the St. Lawrence seaway bill would be discussed and controlled by the committee. I believed that I could serve my State best by serving on the committee and protecting the interests of my State when the St. Lawrence bill is considered by that committee.

It is my intention—and I have so stated to the people of Minnesota—to request full consideration by the Senate Foreign Relations Committee for a legislative program which would combine the principles of the Wiley bill with a legislative approval of the channel deepening project.

It may be that an amendment to the Wiley bill should be adopted to unite the two programs. It may be that we should press for separate legislation as better strategy. This is something we should decide in the very near future and is something I am now discussing with my colleagues and associates. In order to have all the alternatives available for ready action, I am submitting at this time three legislative proposals to the Senate. The first is an expanded version of the Wiley bill, which includes a proposal for deepening the channels in the Great Lakes system. The second is an amendment to the Wiley bill, authorizing the Secretary of the Army to carry out the improvements of the Great Lakes system originally proposed in the agreement between the United States and Canada. This amendment would authorize the expenditure of \$100 million to carry out the construction. The third is a separate bill dealing exclusively with the improvement of navigation in the Great Lakes system above Lake Erie by deepening the channels in the Detroit River, Lake St. Clair, St. Clair River, the Straits of Mackinac and St. Marys River. The third alternative of an independent bill has some merit in that it will obtain the support of organizations such as the American Association of Port Authorities and the Lake Carriers Association, who have a substantial economic interest in improving the navigation above Lake Erie but who are not all agreed at this time on the desirability of building the St. Lawrence seaway project.

Finally, I make a plea for unity. It is time for us to be responsible to the national welfare. I know that the best interest of Minnesota hinges upon the national welfare and security of the whole Nation. I do not want to embarrass or hinder the effort to build the St. Lawrence seaway simply because my own preferences or ideas have not been fully accepted by my associates. I have assurances that by the time the St. Lawrence seaway project is completed, and this may take until 1959, the job of deepening the channels in the Great Lakes system above Lake Erie will likewise be simultaneously completed. Our task now is to unite to attain both of these objectives in a sensible, orderly, and responsible manner. As a member of the Senate Foreign Relations Committee I pledge my energies to that objective.

AMENDMENT

Mr. HUMPHREY. I now submit an amendment intended to be proposed by me to the bill (S. 589) providing for creation of the St. Lawrence Seaway De-

velopment Corporation to construct part of the St. Lawrence seaway in United States territory in the interest of national security; authorizing the Corporation to consummate certain arrangements with the St. Lawrence Seaway Authority of Canada relative to construction and operation of the seaway; empowering the Corporation to finance the United States share of the seaway cost on a self-liquidating basis; to establish cooperation with Canada in the control and operation of the St. Lawrence seaway; to authorize negotiations with Canada of an agreement on tolls; and for other purposes.

The VICE PRESIDENT. The amendment will be received and printed and will be referred to the Committee on Foreign Relations.

AMENDMENT OF LABOR-MANAGEMENT RELATIONS ACT RELATING TO SETTLEMENT OF LABOR DISPUTES

Mr. IVES. Mr. President, I introduce for appropriate reference a bill to amend title II of the Labor-Management Relations Act, 1947, with respect to the settlement of labor disputes resulting in national emergencies. I ask unanimous consent to speak for 2 minutes on the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the Senator from New York is recognized for 2 minutes.

The bill (S. 1075) to amend title II of the Labor-Management Relations Act, 1947, with respect to the settlement of labor disputes resulting in national emergencies, introduced by Mr. IVES, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. IVES. Mr. President, the bill I have introduced proposes to amend title II of the Taft-Hartley Act with respect to the settlement of labor disputes resulting in national emergencies. It follows in general the pattern of S. 1026 which I introduced on February 20.

However, in line with what seem to me to be sound suggestions which have been made by some who have commented about S. 1026, this new bill contains a provision outlawing strikes and lockouts in vital industries for a maximum period of 60 days after the issuance of a proclamation by the President declaring that a national emergency is threatened or exists because a strike or lockout has resulted or threatens to result from such labor dispute.

I have not introduced this proposal as an amendment to S. 1026 because I feel that it should be considered on its own merit and simultaneously with the consideration of S. 1026.

I believe that somewhere within the scope of these two bills lies a proper solution to national emergencies which are occasioned by labor disputes. The objectives of the two bills are identical.

In answer to those who very appropriately insist that the first consideration in national emergencies resulting from labor disputes should be the public interest, I would point out that I, too,

have always believed that the public interest should be of first concern whenever crises of this nature occur. This is exactly why I have proposed S. 1026 and am now proposing the bill which I have just introduced. Under the terms of both of these bills the public interest automatically is paramount.

At this point in my remarks I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That title II of the Labor-Management Relations Act, 1947, is amended by striking out sections 206 to 210, inclusive, and inserting in lieu thereof the following:

"NATIONAL EMERGENCIES

"SEC. 206. Whenever the President finds that a national emergency is threatened or exists because a strike or lockout has resulted or threatens to result from a labor dispute (including the expiration of a collective-bargaining agreement) in a vital industry which affects the public interest, he shall issue a proclamation to that effect.

"SEC. 207. (a) After issuing such a proclamation, the President shall promptly appoint a board to be known as an emergency board.

"(b) An emergency board appointed under this section shall promptly investigate the dispute, shall seek to induce the parties to reach a settlement of the dispute, and in any event shall, within a period of time to be determined by the President, but not more than 60 days after the appointment of the board, make a report to the President, unless the time is extended by agreement of the parties, with the approval of the board. Such report shall include the findings and recommendations of the board and shall be transmitted to the parties and be made public. The Director of the Federal Mediation and Conciliation Service shall provide for the board such stenographic, clerical, and other assistance and such facilities and services as may be necessary for the discharge of its functions.

"(c) After the President has issued a proclamation pursuant to section 206 and until the emergency board appointed under this section has made its report to the President, the parties to the dispute shall refrain from engaging in a strike or lockout.

"(d) An emergency board shall be composed of a chairman and such other members as the President shall determine, and shall have power to sit and act in any place within the United States and to conduct such hearings either in public or in private, as it may deem necessary or proper, to ascertain the facts with respect to the causes and circumstances of the dispute.

"(e) Members of an emergency board shall receive compensation at the rate of \$50 for each day actually spent by them in the work of the board, together with necessary travel and subsistence expenses.

"(f) For the purpose of any hearing or inquiry conducted by any board appointed under this title, the provisions of sections 9 and 10 (relating to the attendance of witnesses and the production of books, papers, and documents) of the Federal Trade Commission Act of September 16, 1914, as amended (U. S. C., title 15, secs. 49 and 50, as amended), are hereby made applicable to the powers and duties of such board.

"(g) Each emergency board shall continue in existence after making its report for such time as the national emergency continues for the purpose of mediating the dispute, should the parties request its services. When a board appointed under this section has been dissolved, its records shall be transferred to the Director of the Federal Mediation and Conciliation Service.

"(h) A separate emergency board shall be appointed for each dispute. No member of an emergency board shall be pecuniarily or otherwise interested in any organization of employees or in any employer involved in the dispute.

"SEC. 208. In any case in which a strike or lockout occurs (1) after the emergency board has made its report to the President pursuant to section 207 (b), or (2) in violation of section 207 (c) before the emergency board has made its report, the President shall submit immediately to the Congress for consideration and appropriate action a full statement of the case, including the report of the emergency board, if such report has been made, and such recommendations as he may see fit to make. If the Congress or either House thereof shall have adjourned sine die or for a period longer than 3 days, the President shall convene the Congress, or such House, for the purpose of consideration of an appropriate action pursuant to such statement and recommendations.

"SEC. 209. When a dispute under this title has been finally settled, the President shall submit to the Congress a full and comprehensive report of all the proceedings, together with such recommendations as he may see fit to make."

AMENDMENT OF CODE RELATING TO SELLING INTOXICATING LIQUORS TO CERTAIN INDIANS

Mr. MAGNUSON. Mr. President, by request I introduce for appropriate reference a bill which would amend the United States Code to remove restrictions against the selling of intoxicating liquor to Indians outside reservations. I do so by request not only of the American Legion at their Miami convention, at which I also introduced a resolution calling for repeal of portions of the act, but also in accordance with a letter from the Director of the Legislative Service of the Veterans of Foreign Wars, Mr. Omar B. Ketchum, together with a resolution from my own State of Washington, introduced in the house of representatives of that State in reference to the subject.

I ask unanimous consent that the resolutions and letter be appropriately referred and printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the resolutions and letter will be appropriately referred and printed in the RECORD.

The bill (S. 1080) to amend section 1154 (a) of title 18 of the United States Code to remove restrictions against the selling of intoxicating liquors to Indians outside Indian country, introduced by Mr. MAGNUSON, was received, read twice by its title, and referred to the Committee on the Judiciary.

The resolutions and letter were referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

"RESOLUTION CALLING FOR REPEAL OF THE INDIAN LIQUOR LAW

"Therefore be it resolved, That the American Legion in national convention assembled in Miami, Fla., October 15-18, 1951, do urge repeal of section 241, title 25, U. S. C. A., known as the Indian liquor law, and all laws or parts of laws in respect thereto which would treat an Indian any differently than any other citizen of the United States.

"Approved by the American Legion at Miami convention, October 15-18, 1951."

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Kansas City, Mo., February 10, 1953.
Senator WARREN G. MAGNUSON,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MAGNUSON: Attached please find copy of a resolution adopted by the 53d Annual National Encampment of the Veterans of Foreign Wars of the United States held in August 1952 in Los Angeles, Calif., with respect to the rights of American Indians.

The Veterans of Foreign Wars, in national encampments, has long championed the rights of American Indians and has insisted that our Indians be considered as first-class rather than third-class citizens. We believe that American Indians should have freedom of choice to the full extent of constitutional rights the same as other citizens in deciding what they should or should not wear, eat, or drink.

Sincerely yours,

OMAR B. KETCHUM,
Director.

"RESOLUTION 105—RIGHTS OF INDIANS

"Be it resolved by the 53d Annual Encampment of the Veterans of Foreign Wars of the United States, That the commander in chief be authorized and directed to petition the Congress to clarify and establish the rights of American Indians so that they shall enjoy all privileges accorded other citizens.

"Approved by 53d National Encampment, Veterans of Foreign Wars of the United States, held in Los Angeles, Calif., August 3-8, 1952."

To the Honorable Dwight D. Eisenhower, President of the United States, the Senate and House of Representatives of the United States of America in Congress assembled:

We, your memorialists, the House of Representatives of the State of Washington, in legislative session assembled, most respectfully represent and petition as follows:

Whereas since 1826 there has been in existence a law prohibiting the sale or giving away of intoxicants to Indian wards of the United States Government; and

Whereas this law is outmoded, archaic, and not in keeping with modern times and conditions; and

Whereas a number of American boys of Indian ancestry have entered willingly into military service serving in all branches of the Armed Forces of the United States and serving with distinction, many of them having fought in the severest battles of our times; and

Whereas these same honorably discharged veterans are prohibited by law from purchasing any and all beverages which can be purchased by other veterans and are denied certain privileges accorded to others: Now, therefore, be it

Resolved by the House of Representatives of the State of Washington, in legislative session assembled, That we respectfully petition the Congress of the United States and the President of the United States to take such steps as will effectively remove this discrimination to the end that an honorably discharged Indian veteran shall be accorded all rights and privileges enjoyed by his fellow comrades at arms; be it further

Resolved, That copies of this memorial be transmitted to the President of the United States, President of the United States Senate, Speaker of the House of Representatives of the United States, Secretary of the Interior of the United States, and to each Member of the Washington congressional delegation.

TEMPORARY ECONOMIC CONTROLS

Mr. CAPEHART. Mr. President, on behalf of myself, the Senator from South Carolina [Mr. MAYBANK], the Senator from Maryland [Mr. BEALL], the Senator from Connecticut [Mr. BUSH], the Senator from Illinois [Mr. DOUGLAS], the Senator from Delaware [Mr. FREAR], the Senator from Arkansas [Mr. FULBRIGHT], the senior Senator from New York [Mr. IVES], the junior Senator from New York [Mr. LEHMAN], the Senator from Maine [Mr. PAYNE], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Alabama [Mr. SPARKMAN], I introduce for appropriate reference a bill to provide authority for temporary economic controls, and for other purposes. I ask unanimous consent that the bill, together with a statement prepared by me, and a digest by section of title III of the Defense Production Act of 1950, as amended, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill, statement, and digest will be printed in the RECORD.

The bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, introduced by Mr. CAPEHART (for himself and other Senators), was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new title:

"TITLE VIII—TEMPORARY EMERGENCY PRICE, WAGE, AND RENT CEILINGS

"SEC. 801. In spite of substantial increases which have occurred since the outbreak of the conflict in Korea, prices are now generally in normal relationship and the economy as a whole is relatively stable. It is the sense of the Congress that this stability can be maintained by the full and effective use of indirect controls, barring unanticipated and adverse international developments. There is, however, the ever-present possibility of further Communist aggression which may seriously jeopardize the American economic system unless proper safeguards exist for the immediate imposition of certain economic controls. The necessity for such safeguards is emphasized by the speedily destructive force of modern warfare which allows no delay in the taking of Executive action to insure the preservation of the well-being of the economy. The purpose of this title is to provide a basis for the imposition of price, wage, and rent controls for a temporary period in the event serious economic dislocations develop which threaten the national security or welfare.

"It is the sense of the Congress that direct economic controls are incompatible with the American free enterprise system and should be invoked only if an emergency arises serious enough to threaten the economic well-being or security of the United States. However, if such an emergency should develop the President must have the power to employ immediate economic controls for such reasonable period of time as will give Congress an opportunity to act.

"SEC. 802. There is hereby established a National Advisory Council composed of members to be appointed by the President, by and with the advice and consent of the Senate. The membership shall be representa-

tive of business and industry, agriculture, labor, and military, and consumers. The President shall designate a chairman from among the members. Such Council shall, upon request, advise the President on general policies relating to economic mobilization, in addition to performing the functions prescribed elsewhere in this title. Each member may receive compensation not in excess of \$50 per diem for each day he is actually engaged in the performance of his duties as a member, and, while away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses while so employed. The members shall, in respect to their functions on the Council, be exempt from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code, section 412 of the Mutual Defense Assistance Act of 1949, and section 190 of the Revised Statutes (5 U. S. C. 99).

"SEC. 803. (a) The President is authorized and directed, after consulting the National Advisory Council, whenever he shall find and declare that the exercise of such authority is necessary in the interest of national security or economic stability, to establish by Executive order ceilings on (1) the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of materials and services, (2) wages, salaries, and other compensation paid or received with respect to employment, and (3) rents paid or received for the use or occupancy of housing accommodations, at the levels prevailing as of the close of business on the business day next preceding the day on which the action is taken, or, if none prevailed on such day, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. All ceilings established under this title shall terminate 90 days after the issuance of such order, or at such earlier time as Congress may by law provide, and the authority conferred by this title to establish ceilings shall not thereafter be exercised.

"(b) The President may provide exemptions from ceilings in the case of any materials or services or transactions therein, or types of employment, or housing accommodations of any class or in any area, if he finds that (1) such exemption is necessary for national defense, or (2) the imposition of such ceilings would be impracticable or unnecessary in order to effectuate the purposes of this title.

"(c) Notwithstanding any other provision of this section, the President may exercise any authority granted to him by this title without prior consultation with the National Advisory Council in the event a state of war exists.

"SEC. 804. The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of this title. Whenever in the judgment of the President, such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to the recovery of possession) in connection with any housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this title.

"SEC. 805. (a) Regardless of any obligation heretofore or hereafter entered into, it shall be unlawful—

"(1) For any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or to demand, accept, receive, or retain any rent for the use or occupancy of any housing accommodations, or otherwise to do or omit

to do any act, in violation of this title or any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing; or

"(2) For any employer to pay, or any employee to receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title.

The President shall prescribe the extent to which any payment (including any wage, salary, or compensation payment), either in money or property, made in contravention of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any person for the purposes of any other law or regulation, including bases in determining gain for tax purposes.

"(b) Any person who willfully violates any provision of this section shall, upon conviction thereof, be subject to a fine of not more than \$10,000 or to imprisonment for not more than 1 year, or both.

"SEC. 806. Nothing in this title shall be construed to require any person to sell any material or service, or to offer any housing accommodations for rent, or to perform personal services.

"SEC. 807. As used in this title—

"(a) The term 'rent' means the consideration, including any bonus, benefit, or gratuity, demanded or received for, or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

"(b) The term 'housing accommodations' means any building, structure or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, rooming or boardinghouse accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

"SEC. 808. This title shall become effective on May 1, 1953."

SEC. 2. (a) Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended by inserting before the period at the end thereof a semicolon and the following "and title VIII of this act and all authority conferred thereunder shall terminate at the expiration of 90 days after the President proclaims that the existing international emergency requiring the involvement of Armed Forces of the United States in actual hostilities in the Korean conflict has ended."

(b) Subsection (b) of such section 717 is amended by adding at the end thereof the following:

"(4) Sections 702, 703, 705, 706, 707, 710, 711, 713, 715, and 716 of this act shall continue in effect until the expiration of title VIII of this act; except that section 705 shall not become operative until the President establishes ceilings on prices, wages, and rents under title VIII."

The statement and digest presented by Mr. CAPEHART are as follows:

STATEMENT BY SENATOR CAPEHART

I have prepared an amendment to the Defense Production Act of 1950 in which Senators MAYBANK, BEALL, BUSH, DOUGLAS, FREAR, FULBRIGHT, IVES, LEHMAN, PAYNE, ROBERTSON, and SPARKMAN have joined as cosponsors.

This amendment authorizes and directs the President, after consultation with the National Advisory Council, to invoke for a period not exceeding 90 days a price, wage, and rent freeze if the President finds serious economic dislocations threaten our national security or our economic stability. In the

event a state of war exists, consultation by the President with the National Advisory Council is not required before the imposition of such temporary controls.

Authority is granted the President to make such exemptions from the freeze as are necessary for the national defense or where the imposition of such ceilings is impracticable or unnecessary.

The authority of the President to take action under this amendment expires 90 days after he proclaims hostilities in the Korean conflict have ended.

My purpose in drafting this alternative to my original proposal for stand-by controls is to assure the fullest and broadest consideration by the administration and the Congress of the whole problem in the light of logical and possible approaches to this most complicated subject.

It is a possible middle-ground approach consisting of legislation now, in order to authorize a temporary freeze and legislation after the freeze to determine what stabilization action should follow the freeze.

The merit of such an alternative proposal is that it provides a method for restraining sharp price increases in the event of a serious national emergency by allowing a lid to be placed immediately and temporarily on prices, wages, and rents and enables Congress to have a reasonable period of time in which to take action on over-all stabilization legislation, tailored to meet the then existing conditions.

DIGEST BY SECTION OF TITLE VIII, DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

SHORT TITLE

Temporary, emergency price, wage, and rent ceilings.

DECLARATION OF POLICY

Section 801: Prices now relatively stable and in normal relationship, though substantially above pre-Korea. Congress feels such stability can be maintained by indirect controls, barring adverse international developments. Threat of further Communist aggression and speedily destructive force of modern warfare require legislative and organizational safeguards to provide machinery for speedy Executive action in the event of serious economic dislocations to insure preservation of well-being of our Nation.

Congress believes direct economic controls incompatible with free enterprise system and should be invoked only if emergency seriously threatens economic or national security. However, should such emergency develop, the President must possess authority to invoke immediate economic controls for reasonable period of time until Congress has opportunity to act.

NATIONAL ADVISORY COUNCIL ESTABLISHED

Section 802: Members appointed by President by and with the advice and consent of Senate. Membership shall be representative of business and industry, agriculture, labor, the military, and consumers. Function to advise President on general policies relating to economic mobilization. Compensation \$50 per day while engaged in duties and transportation costs plus not over \$15 per diem allowance. Members are exempt from conflict-of-interest statutes.

90-DAY FREEZE

Section 803 (a): President authorized and directed, after consulting with National Advisory Council if he finds exercise necessary in interest of national security or economic stability, to establish ceilings by Executive order on (1) prices, (2) wages, (3) rents on housing accommodations at levels close of business day next preceding day freeze ordered. If no such levels prevailed, then those prevailing nearest date generally represented. All ceilings effective for 90 days after freeze order issued, or for such shorter period as Congress may by law provide.

EXEMPTIONS

Section 803 (b): President may provide exemptions if he finds (1) necessary for national defense, or (2) imposition impracticable or unnecessary.

STATE OF WAR

Section 803 (c): In event state of war exists, President may exercise authority without prior consultation with National Advisory Council.

RULES AND REGULATIONS

Section 804: President may make rules and regulations and orders necessary to carry out purposes of title. President may prohibit speculative or manipulative practices (including eviction practices) in connection with housing accommodations which in his judgment would result in rental increases.

VIOLATIONS AND PENALTIES

Section 805 (a) (1): Violations of price ceilings made unlawful.

Section 805 (a) (2): Violation of wage provisions unlawful.

President may prescribe extent overpayment may be disregarded in determining costs or expenses for purposes of any other law, including basis in determining gain for tax purposes.

Section 805 (b): Willful violation punishable by fine of not more than \$10,000 or imprisonment for not more than 1 year, or both.

INVOLUNTARY SERVITUDE PROHIBITED

Section 806: No person shall be required to sell any material or service or perform personal services.

DEFINITIONS

Section 807 (a): "Rent" means any consideration or benefit received for or in connection with the use or occupancy of a lease of housing accommodations.

Section 807 (b): "Housing accommodations" means any building or structure used for living or dwelling purposes together with privileges, services, furnishings, and facilities connected with the use or occupancy of such property.

Section 808: Effective date, May 1, 1953.

TERMINATION

Section 2 (a): This title terminates 90 days after President proclaims end of hostilities in Korea.

Section 2 (b): Incorporates and extends sections 702 (definitions), 703 (delegation of authority and creation of new agencies), 705 (obtaining information and requiring maintenance of records), 706 (Injunction, venue, service of process), 707 (exculpatory provision), 710 (authority to create super grades, and prohibits speculation on commodity exchanges), 711 (authorizes appropriations), 713 (provisions applicable to United States, Territories, possessions, and District of Columbia), 715 (unconstitutionality of provision not to affect balance of act), 716 (persons advocating right to strike against Government or member of subversive organizations not to be employed under act and such persons employed may be prosecuted). Section 705 not operative until freeze invoked.

AMENDMENT OF CONSTITUTION RELATING TO EQUAL RIGHTS FOR MEN AND WOMEN

Mr. BUTLER of Maryland. Mr. President, the results of the very recent national election have revealed conclusively that our women compatriots have assumed an ever-increasing role of co-operation and effectiveness. The weight of their accomplishments cannot be

minimized. President Eisenhower has already recognized these worthy and important efforts through the appointment of outstanding women to Federal posts.

The women of America have thus assumed a rightful and increasing responsibility for citizenship which has now become an integral part of our way of life. Their contribution to this great Nation's leadership in domestic and world affairs cannot be denied.

In the light of these facts, it is my considered feeling, which is shared by many, many others, that the women of this great Nation are entitled to an equality of rights under the law. Therefore, on behalf of myself, the Senator from Maine [Mrs. SMITH], the junior Senator from Wyoming [Mr. BARRETT], my colleague the junior Senator from Maryland [Mr. BEALL], the Senator from Nebraska [Mr. BUTLER], the Senator from New Mexico [Mr. CHAVEZ], the junior Senator from Pennsylvania [Mr. DUFF], the Senator from Michigan [Mr. FERGUSON], the Senator from Vermont [Mr. FLANDERS], the Senator from Iowa [Mr. GILLETTE], the Senator from New Jersey [Mr. HENDRICKSON], the senior Senator from Wyoming [Mr. HUNT], the Senator from Indiana [Mr. JENNER], the senior Senator from North Dakota [Mr. LANGER], the Senator from Washington [Mr. MAGNUSON], the Senator from Nevada [Mr. MALONE], the senior Senator from Pennsylvania [Mr. MARTIN], the Senator from Connecticut [Mr. PURTELL], the Senator from Kansas [Mr. SCHOEPEL], the Senator from Florida [Mr. SMATHERS], the Senator from Minnesota [Mr. THYE], the Senator from Utah [Mr. WATKINS], the Senator from Wisconsin [Mr. WILEY], and the junior Senator from North Dakota [Mr. YOUNG], I introduce for appropriate reference a joint resolution which proposes an amendment to the Constitution of the United States relative to equal rights for men and women.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 49) proposing an amendment to the Constitution of the United States relative to equal rights for men and women, introduced by Mr. BUTLER of Maryland (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

INCREASED SALARIES FOR JUDGES—AMENDMENT

Mr. GREEN submitted amendments intended to be proposed by him to the bill (S. 5) to increase the salaries of judges of the United States, which were referred to the Committee on the Judiciary, and ordered to be printed.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 64) authorizing the Washington State Whitman Statue Committee to place temporarily in the rotunda of the Capitol a statue of the late Dr. Marcus

Whitman, the holding of ceremonies, and permanent location in Statuary Hall, was referred to the Committee on Rules and Administration, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Washington State Whitman Statue Committee is hereby authorized to place temporarily in the rotunda of the Capitol a statue of the late Dr. Marcus Whitman; and to hold ceremonies in the rotunda on May 22, 1953; and the Architect of the Capitol is hereby authorized to make necessary arrangements therefor; and be it further

Resolved, That the statue shall be permanently located in Statuary Hall.

AMENDMENT OF CONSTITUTION RELATING TO COMPOSITION AND JURISDICTION OF SUPREME COURT—COSPONSOR OF JOINT RESOLUTION

Mr. BUTLER of Maryland. Mr. President, I ask unanimous consent that the name of the Senator from New Jersey [Mr. HENDRICKSON] be added as a cosponsor of the joint resolution (S. J. Res. 44) proposing an amendment to the Constitution of the United States relating to the composition and jurisdiction of the Supreme Court, which was introduced by me on February 16, 1953.

The VICE PRESIDENT. Is there objection to the request of the Senator from Maryland? The Chair hears none, and it is so ordered.

REPORT OF SENATOR WILEY AS DELEGATE TO SEVENTH GENERAL ASSEMBLY OF UNITED NATIONS

Mr. WILEY. Mr. President, by appointment of the President, I served as a delegate to the Seventh General Assembly of the United Nations which met in New York last year from October 14 to December 21.

I now ask unanimous consent to submit a report to the Senate on my service as a delegate, together with certain speeches which I made in the U. N., and that they may be printed as a Senate document.

The VICE PRESIDENT. The report will be received; and, without objection, will be printed as a Senate document, as requested by the Senator from Wisconsin.

REPORT OF SENATOR GREEN AS DELEGATE TO SEVENTH GENERAL ASSEMBLY OF UNITED NATIONS

Mr. GREEN subsequently said: Mr. President, the Senator from Wisconsin [Mr. WILEY] and I were appointed by President Truman delegates to the Seventh General Assembly of the United Nations. The Senator from Wisconsin has just requested unanimous consent to submit a report on his work as delegate. That request was unanimously granted. I now ask unanimous consent that I may have the same privilege of submitting a report, together with certain speeches which I made in the United Nations, and that they may be printed as a Senate document.

The VICE PRESIDENT. The report will be received and, without objection,

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued April 8, 1953

For actions of Apr. 6 & 7, 1953
83rd-1st, Nos. 58 and 59

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate received President's recommendation to continue trade-agreements program. Senate committee acted on provisions of economic controls bill, voting to repeal import-controls. Senate committee reported Flemming nomination to ODM.

SENATE - April 6

1. NOMINATION of Arthur S. Flemming, to be Director of Defense Mobilization, was received (p. 2839).
2. LOBBYING. Reports under the Lobbying Act for the first quarter of 1953 were received (pp. 2879-912).
3. EDUCATION. Received FSA's proposed bills to continue Federal assistance in construction and operation of public schools in areas affected by Federal activities; to Labor and Public Welfare Committee (p. 2836).
4. PRICE SUPPORTS; FARM LOANS; MINERALS. Received N. Dak. Legislature resolutions favoring 100% price supports for basic crops, increases for FHA farm-ownership loans, and return of mineral rights to original owners of lands acquired by the Government (pp. 2836, 2842).

HOUSE - April 6

5. PUBLIC LANDS. The Public Lands Subcommittee of the Interior and Insular Affairs Committee voted to report to the full Committee H. R. 1815, amending the Recreation Act of 1926 to permit nonprofit organizations to lease public lands (p. D240).

SENATE - April 7

6. ECONOMIC CONTROLS. The "Daily Digest" states as follows regarding actions of the Banking and Currency Committee:
"Using, as a basis for consideration, S. 1081, authorizing the President to issue a 90-day freeze order on all prices, wages, and rents, the committee agreed upon amendments which have the effect of continuing until June 30, 1955, the

major provisions of the Defense Production Act: title I (allocations and priorities), title III (financial aid to business), and title VII (Small Defense Plants Administration, and general housekeeping provisions); title II (requisitions and condemnations) would expire June 30, 1953; and titles IV and V (price and wage controls) would expire April 30, 1953. Committee has not yet considered the new proposed title VIII to this act (90-day freeze on prices, wages, and rents) or the provisions of the bill dealing with Federal rent controls.

"The major amendments accepted today are as follows (all titles referred to hereafter are titles of the Defense Production Act):

"(1) Title I was amended to bar allocations of materials in the civilian market unless, in the case of scarce and critical materials, national defense needs create a significant dislocation of normal distribution to such a degree as to create appreciable hardship; however, existing provisions of the act requiring fair and equitable allocations in the civilian market, if allocations are made, have been modified and retained;

"(2) Prohibition against restrictions on slaughter quotas of livestock and restrictions on participation in the International Materials Conference were removed from title I;

"(3) Section 104, authorizing import controls on fats, oils, and dairy products, was repealed;

"(4) Title III was amended to allow V-loans to be made in connection with termination of Government contracts;

"(5) Title III was amended to permit transfer to the national stockpile of materials purchased by the Government under long-term contracts; a provision was also made to decrease the borrowing power under title III by the acquisition cost of materials so transferred;

"(6) Authority to exercise consumer credit controls would be vested in the Board of Governors of the Federal Reserve System; the President would be authorized to control real-estate credit on new construction;

"(7) Amendments were made to section 701 (c) governing allocations in the civilian market, changing the base date so as to provide for a representative period after June 30, 1953, and requiring that consideration be given to periodic changes in current competitive positions and newly acquired operations of an existing business;..." (pp. D237-8.)

7. TRADE AGREEMENTS. Received the President's message recommending extension of the Reciprocal Trade Agreements Act for 1 year; to Finance Committee (S. Doc. 38) (p. 2878).
8. NOMINATION. The Banking and Currency Committee reported favorably the nomination of Arthur S. Flemming to be Director of Defense Mobilization, and Sen. Capehart inserted a biography of Mr. Flemming (p. 2844).
9. TIMBER SALES. Received GAO's report on timber sales by the Forest Service and the Bureau of Land Management (p. 2842).
10. FOREIGN AID. Sen. Wiley urged continuation of the U. N. Children's Emergency Fund (pp. 2845-6).
11. LEGISLATIVE PROGRAM. Majority Leader Taft stated that he did not expect to move that consideration of the submerged-lands bill be set aside for any purpose until a vote is had on it (p. 2846).

BILLS INTRODUCED

12. MISSOURI BASIN. S. 1572, by Sen. Case, to recognize a Missouri River States

Daily Digest

HIGHLIGHTS

Senate received message from President on reciprocal trade, and debated submerged lands bill.

Senate Banking and Currency Committee began marking up controls bill.

Senate

Chamber Action

Routine Proceedings, pages 2842-2846

Bills Introduced: 10 bills and 3 resolutions were introduced, as follows: S. 1573 to S. 1582; S. J. Res. 66; and S. Res. 96 and 97.

Pages 2843-2844

President's Message—Reciprocal Trade: Senate received message from President transmitting recommendation that the Reciprocal Trade Agreements Act be renewed for 1 year pending completion of a thorough and comprehensive reexamination of U. S. economic foreign policy—referred to Committee on Finance and ordered to be printed as S. Doc. 38.

Page 2878

Submerged Lands: Senate continued debate on S. J. Res. 13, to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and to the natural resources within such lands and waters, and to provide for the use and control of said lands and resources.

Pages 2846-2878

Nominations: The nominations of Felix Edgar Wormser, of New York, to be Assistant Secretary of Interior, and of Guy O. Hollyday, of Maryland, to be Federal Housing Commissioner, were received.

Page 2878

Program for Wednesday: Senate recessed at 5:10 p. m. until noon Wednesday, April 8, when it will continue consideration of S. J. Res. 13, submerged lands bill.

Committee Meetings

(Committees not listed did not meet)

NOMINATION—REA

Committee on Agriculture and Forestry: Committee held hearings on the nomination of Ancher Nelsen, of Minnesota, to be Administrator of the Rural Electrification Administration, and heard the nominee testify in behalf of his own nomination.

Committee will meet again Thursday, when it will begin hearings on agricultural exports and imports and their effect on the farm price programs, to be followed

by executive consideration of Mr. Nelsen's nomination, and of S. 1207, Mexican farm labor bill.

APPROPRIATIONS—TREASURY DEPARTMENT

Committee on Appropriations: Subcommittee on Treasury-Post Office began hearings on the proposed 1954 budget estimates for the Treasury Department, and heard testimony in behalf of funds for his Department from Secretary George Humphrey, who was accompanied by his assistants. Hearings continue tomorrow.

CONTROLS

Committee on Banking and Currency: Using, as a basis for consideration, S. 1081, authorizing the President to issue a 90-day freeze order on all prices, wages, and rents, the committee agreed upon amendments which have the effect of continuing until June 30, 1955, the major provisions of Defense Production Act title I (allocations and priorities), title III (financial aid to business), and title VII (Small Defense Plants Administration, and general housekeeping provisions); title II (requisitions and condemnations) would expire June 30, 1953; and titles IV and V (price and wage controls) would expire April 30, 1953. Committee has not yet considered the new proposed title VIII to this act (90-day freeze on prices, wages, and rents) or the provisions of the bill dealing with Federal rent controls.

The major amendments accepted today are as follows (all titles referred to hereafter are titles of the Defense Production Act):

(1) Title I was amended to bar allocations of materials in the civilian market unless, in the case of scarce and critical materials, national defense needs create a significant dislocation of normal distribution to such a degree as to create appreciable hardship; however, existing provisions of the act requiring fair and equitable allocations in the civilian market, if allocations are made, have been modified and retained;

(2) Prohibition against restrictions on slaughter quotas of livestock and restrictions on participation in the International Materials Conference were removed from title I;

(3) Section 104, authorizing import controls on fats, oils, and dairy products, was repealed;

(4) Title III was amended to allow V-loans to be made in connection with termination of Government contracts;

(5) Title III was amended to permit transfer to the national stockpile of materials purchased by the Government under long-terms contracts; a provision was also made to decrease the borrowing power under title III by the acquisition cost of materials so transferred;

(6) Authority to exercise consumer credit controls would be vested in the Board of Governors of the Federal Reserve System; the President would be authorized to control real-estate credit on new construction;

(7) Amendments were made to section 701 (c) governing allocations in the civilian market, changing the base date so as to provide for a representative period after June 30, 1953, and requiring that consideration be given to periodic changes in current competitive positions and newly acquired operations of an existing business; and

(8) The definition of small business concerns was modified to include specifically "producers of strategic and critical minerals and metals who meet the other criteria for small business concerns."

Committee will continue executive consideration of this bill tomorrow.

NATO PROTOCOLS

Committee on Foreign Relations: Committee heard Under Secretary of State Walter Bedell Smith, Secretary of Defense Charles Wilson, and Gen. Omar Bradley, Chairman of Joint Chiefs of Staff, testify in favor of ratification of agreement between parties of NATO regarding status of their forces, signed at London on June 19, 1951 (Exec. T, 82d Cong., 2d sess.), agreement on status of NATO, national representatives and international staff, signed at Ottawa on September 20, 1951, together with signed extract from summary record of meeting of NATO deputies (Exec. U, 82d Cong., 2d sess.), and protocol on status of International Military Headquarters set up pursuant to NATO Treaty, signed at Paris, August 28, 1952 (Exec. B, 83d Cong., 1st sess.). Committee will continue consideration of these treaties tomorrow.

CONSTITUTIONAL AMENDMENTS—TREATIES AND EXECUTIVE AGREEMENTS

Committee on the Judiciary: Continuing its hearings on S. J. Res. 1, proposing an amendment to the Consti-

tution of the U. S. relative to the making of treaties and executive agreements, subcommittee heard Attorney General Herbert Brownell testify in opposition to the resolution in its present form. Testifying in favor of enactment were Maj. Gen. Melvin Maas, U. S. Marine Corps, retired, a former Member of the House of Representatives, and Thomas King, legal counsel, both representing the Military Order of World Wars. Hearings continue tomorrow.

INTERNAL SECURITY INVESTIGATIONS— EDUCATIONAL INSTITUTIONS

Committee on the Judiciary: Internal Security Subcommittee resumed its hearings on Communist influences in educational institutions, with testimony from Herbert A. Philbrick, presently in the advertising department of the New York Herald Tribune, and formerly an undercover agent for the FBI in the Communist Party. Mr. Philbrick told the subcommittee that he was a member of a secret group of professional people, including teachers, engineers, writers, and religious leaders, which group determined the tactics and strategy of the Communist Party in the U. S. and was a unit of the Communists international organization. Subcommittee recessed subject to call.

TAFT-HARTLEY ACT REVISIONS

Committee on Labor and Public Welfare: Continuing its hearings on proposed revisions and amendments to the Labor-Management Relations Act, committee heard specialized testimony from representatives of management on the broad subject of injunctions, including national emergency disputes, industrywide bargaining, pattern bargaining, secondary boycotts, lockouts, and the Morand doctrine. Witnesses today are as follows: Alexander M. Grean, Jr., American Bakers' Association; Robert B. Watts, Aircraft Industries Association; Benjamin R. Miller, American Trucking Associations, Inc.; David Guntert, Richfield Oil Corp.; Charles F. Adams, Jr., Raytheon Manufacturing Co.; A. P. Richards, the Ohio Can & Crown Co.; Paul Potter, Milk Industry Foundation; Edward Van Skeck, Pleasant Farms, Inc.; Benjamin Werne, United Fresh Fruit & Vegetable Association; and John V. Lyon, New York Shipping Association. Hearings continue tomorrow.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued April 9, 1953

For actions of April 8, 1953

83rd-1st, No. 60

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHT: Senate committee marked up economic-controls bill.

SENATE

1. ECONOMIC CONTROLS. The Banking and Currency Committee completed the marking up of S. 1081, providing for temporary economic controls and announced the following action: "Adopted a new title VIII authorizing the President to invoke a 90-day freeze on prices, wages, and rents, with amendments to (a) require a finding by the President that, before a freeze can be invoked, the exercise of such authority is necessary in the interest of national security and economic stability.... and (b) the base date for the freeze was amended to allow the President to use the levels prevailing on the business day preceding the freeze, or on the nearest date within the preceding 30 days on which, in his judgment, price, wage, and rent levels were generally representative..." The Committee is to meet again today to review a clean print of the bill. (p. D243.)
2. SUBMERGED LANDS. Continued debate on S. J. Res. 13, to establish State title to submerged lands (pp. 2919-51).
3. ECONOMIC ADVISERS. Sen. Murray deplored the abolition of the Council of Economic Advisers (pp. 2917-9).
4. NOMINATION of George M. Moore, to be a Civil Service Commissioner, was reported by the Post Office and Civil Service Committee (p. 2917).
5. ST. LAWRENCE WATERWAY. Sen. Wiley spoke in favor of this project (p. 2914).
6. PERSONNEL. Sen. Humphrey inserted a petition from a group of VA employees favoring liberalization of the annual-leave laws (p. 2913).

BILLS INTRODUCED

7. PRICE SUPPORTS. S. 1588, by Sen. Cordon, to grant price support on certain wool of the 1951 clip; to Agriculture and Forestry Committee (p. 2914).
8. TAXATION. S. 1583, by Sen. Butler, Md., to treat as an involuntary conversion the sale or exchange of property by a taxpayer in order to remove a legal inhibition on his discharging governmental duties; to Finance Committee (p. 2914). Remarks

of author (p. 2915).

9. EDUCATION. S. 1596 and S. 1597, by Sen. Smith, N. J., to continue payments to areas affected by Federal activities, for school construction and operation; to Labor and Public Welfare Committee (p. 2915).

BILL APPROVED BY THE PRESIDENT

10. TRANSPORTATION. H. R. 3659, to extend until July 1, 1955, the period during which personal and household effects brought into the U. S. under Government orders shall be exempt from duty. Approved Apr. 4 (Pub. Law 20, 83rd Cong.).

ITEMS IN APPENDIX

11. ST. LAWRENCE WATERWAY. Sen. Butler, Md., inserted his statement opposing measures now before Congress proposing a Government corporation to join with Canada in constructing this project (pp. A1920-1).
12. FLOOD CONTROL. Sen. Long inserted Sen. Ellender's recent speech favoring soil and water conservation and promising support for appropriations for additional flood-control projects on the Red River (pp. A1921-3).
13. COTTON RESEARCH. Sen. Stennis inserted his statement on the new conformable cotton gauze bandage developed at the Southern Regional Research Laboratory, claiming this development has saved the Government over \$5,000,000 (p. A1924).
14. FARM POLICY. Rep. Kersten inserted Wilbur N. Renk's speech claiming that farm policy should lie between the Brannan plan and the Administration's present policy, and outlining 10 ways to "help the farm situation" (pp. A1926-8).
15. TARIFFS. Rep. Smith, Miss., inserted a New York Times article claiming that the nomination of Joseph E. Talbott to the Tariff Commission may have been a concession to the protectionists (pp. A1929-30).
16. PRICE SUPPORTS. Sen. Humphrey inserted a newspaper editorial criticizing the Secretary's farm-price policies and "favoring 100-parity" (p. A1926).

COMMITTEE HEARING ANNOUNCEMENTS FOR APR. 9: Agricultural exports and imports, S. Agriculture (Benson to testify). Mexican farm-labor bill and Nelsen nomination to REA, S. Agriculture (exec). Economic controls, to review clean bill, S. Banking (exec).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105A.

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Daily Digest

HIGHLIGHTS

Senate debated submerged lands bill.

Senate Banking and Currency Committee completed marking up controls bill.

Senate

Chamber Action

Routine Proceedings, pages 2913-2919

Bills Introduced: 15 bills were introduced, as follows:
S. 1583 to S. 1597.

Pages 2914-2915

Submerged Lands: Senate debated S. J. Res. 13, to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and to the natural resources within such lands and waters, and to provide for the use and control of said lands and resources.

Pages 2919-2951

Program for Thursday: Senate recessed at 5:08 p. m. until noon Thursday, April 9, when it will continue consideration of S. J. Res. 13, submerged lands bill.

Committee Meetings

(Committees not listed did not meet)

APPROPRIATIONS—TREASURY DEPARTMENT

Committee on Appropriations: Continuing its hearings on proposed 1954 budget estimates for the Treasury Department, Subcommittee on Treasury-Post Office heard testimony in behalf of funds for his bureau from T. Coleman Andrews, Commissioner of Internal Revenue, accompanied by his assistants. Hearings continue tomorrow on funds for the Bureau of Narcotics.

AMMUNITION SHORTAGES

Committee on Armed Services: Preparedness Subcommittee No. 2 continued its hearings on ammunition shortages, with testimony from former Secretary of Defense Robert Lovett and Assistant Secretary of Defense (Comptroller) W. J. McNeil.

Following the hearings, the subcommittee held an executive session and adopted the following resolution, submitted by Senator Byrd: "Resolved, That the Secretary of Defense be requested to furnish the Senate Committee on Armed Services the names and positions of all persons, past or present, who took, or are taking, any action whatsoever respecting contracts for ammunition

and deliveries thereof, and a description of the action they take."

Hearings continue tomorrow.

CONTROLS

Committee on Banking and Currency: Committee completed the marking up of S. 1081, providing authority for temporary economic controls and for other purposes, after which it announced the following actions:

(1) Adopted the new title VIII authorizing the President to invoke a 90-day freeze on prices, wages, and rents, with amendments to (a) require a finding by the President that, before a freeze can be invoked, the exercise of such authority is necessary in the interest of national security and economic stability (this provision previously allowed invocation of the freeze in the interest of national security or economic stability), and (b) the base date for the freeze was amended to allow the President to use the levels prevailing on the business day preceding the freeze, or on the nearest date within the preceding 30 days on which, in his judgment, price, wage, or rent levels were generally representative; and

(2) Accepted the President's recommendation to continue Federal rent controls in other than critical areas until September 30, 1953, to review by that date existing critical areas to see whether they meet the new criteria for critical areas, and to continue Federal rent controls in such critical areas to April 30, 1954; the local option decontrol provisions were restored to this bill.

Committee will meet again tomorrow to review a clean print of this bill.

NATO PROTOCOLS

Committee on Foreign Relations: Continuing its hearings on agreement between parties of NATO regarding status of their forces, signed at London on June 19, 1951 (Exec. T, 82d Cong., 2d sess.), agreement on status of NATO, national representatives and international staff, signed at Ottawa on September 20, 1951, together with signed extract from summary record of meeting of NATO deputies (Exec. U, 82d Cong., 2d sess.), and protocol on status of International Military Headquar-

ters set up pursuant to NATO Treaty, signed at Paris, August 28, 1952 (Exec. B, 83d Cong., 1st sess.), committee heard further testimony in support of their ratification from Under Secretary of State Walter Bedell Smith and Herman Phleger, legal adviser, also of the State Department. Committee recessed subject to call.

CONSTITUTIONAL AMENDMENT—TREATIES AND EXECUTIVE AGREEMENTS

Committee on the Judiciary: Continuing its hearings on S. J. Res. 1, proposing an amendment to the Constitution of the U. S. relative to the making of treaties and executive agreements, subcommittee heard testimony in opposition to its enactment from Frank C. Nash, Assistant Secretary, Defense Department, and Elbert P. Tuttle, General Counsel, Treasury Department.

Testifying in favor of S. J. Res. 43, proposing an amendment to the Constitution of the U. S., relating to the legal effect of certain treaties (a similar bill), were Orie Phillips, Chief Judge, U. S. Court of Appeals, Tenth Circuit, and Carl Rix, member of Peace and Law Committee, American Bar Association.

Hearings continue tomorrow with testimony from Mutual Security Administrator Stassen.

INTERNAL SECURITY INVESTIGATIONS— EDUCATIONAL INSTITUTIONS

Committee on the Judiciary: Internal Security Subcommittee continued its hearings on Communist influences in educational institutions, and had as its witnesses Dr. Howard Selsam, director of the Jefferson School for Social Science, New York City, which school has been cited by the Attorney General as an adjunct of the Communist Party, and Mrs. V. J. Jerome, a teacher in a New York nursery school, who is the wife of a former high official of the Communist Party. Neither witness would answer as to membership in the Communist Party. Subcommittee recessed subject to call.

TAFT-HARTLEY ACT REVISIONS

Committee on Labor and Public Welfare: Committee continued its hearings on proposed revisions and amend-

ments to the Labor-Management Relations Act, with testimony on the subject of injunctions, including national emergency disputes, industrywide bargaining, pattern bargaining, secondary boycotts, lockouts, and the Morand doctrine, from Joseph E. Moody, president, accompanied by W. R. Thurmond, secretary, and J. C. Gall, counsel, all of the Southern Coal Producers Association, and John A. Stephens, U. S. Steel Corp., accompanied by John Morris, Bethlehem Steel.

Testimony on the subject of preemption problems, including the right-to-work laws of States, NLRB and court decisions dealing with Federal and State jurisdiction in labor relations, and proposed amendments to the act dealing with this problem, was received from Philip Feldblum, New York State Labor Relations Board; Robert A. Nelson, Assistant Attorney General, Lincoln, Nebr.; Harry L. Hanson, labor conciliator, State of Minnesota; L. E. Gooding, Wisconsin Employment Relations Board; and Leroy Jeffers, attorney, Houston, Tex. Hearings continue tomorrow.

NOMINATION

Committee on Post Office and Civil Service: Committee unanimously approved the nomination of George M. Moore, of Kentucky, to be a Civil Service Commissioner, after hearing testimony in behalf of the nomination from the nominee and Senator Cooper.

In executive session, committee discussed S. 573, to discontinue the Postal Savings System established by the act of June 25, 1910, and S. 845, a private bill, and decided that hearings would be held on these bills before further action is taken. The date of these hearings is as yet unannounced.

PRINTING, AND DEATH GRATUITY

Committee on Rules and Administration: Committee met in executive session and ordered favorably reported S. Con. Res. 24, to revise and reprint the pamphlet entitled "Our American Government," and an original resolution granting payment of a gratuity to the estate of a deceased Senate employee.

House of Representatives

Chamber Action

The House was not in session today. Its next meeting will be held on Monday, April 13, at 12 o'clock noon.

Committee Meetings

PUBLIC LANDS AND BUILDINGS

Committee on Interior and Insular Affairs: The Subcommittee on Public Lands approved the following bills for reporting to the full committee—H. R. 947, amended, a private patent-in-fee bill; H. R. 1308, to amend the

Color of Title Act; H. R. 1812, amended, relating to the activities of temporary and certain other employees of the Bureau of Land Management; and H. R. 2512, to extend the privilege of buying certain public lands to business associations, corporations, States, or other governmental subdivisions for home and other sites. Representative Smith of Mississippi, author of H. R. 947 and 1308, made explanations on both bills. Marion Clawson, Director, and Herman Lieberman, counsel, Bureau of Land Management, were heard on both bills, suggesting amendments to H. R. 947. The favorable action on

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued April 10, 1953

For actions of April 9, 1953

83rd-1st, No. 61

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate committee voted to report revised economic controls bill. Senate committee reported Nelsen nomination to REA. Sen. Fulbright introduced and discussed bill to extend Water Facilities Act to entire U. S. Sen. Russell submitted resolution to disapprove USDA reorganization plan.

SENATE

1. **SUBMERGED LANDS.** Continued debate on S. J. Res. 13, to establish State titles to submerged lands (pp. 2968-3004).
2. **ECONOMIC CONTROLS.** The Banking and Currency Committee voted to report (but did not actually report) a revised version of S. 1081, providing authority for temporary economic controls. Adopted an additional amendment which would allow the President to allocate materials for general distribution in the civilian market if he finds either that it is a scarce material critical to the national defense, or that the national defense requirements for the material cannot be met without creating significant dislocation of its normal distribution in the civilian market to a degree creating appreciable hardship. (pp. D247-8.)
3. **NOMINATIONS.** The Agriculture and Forestry Committee reported the nomination of Ancher Nelsen to be REA Administrator (p. 2965).
Confirmed the nominations of Arthur S. Fleming to be Director of Defense Mobilization and George M. Moore to be a Civil Service Commissioner (pp. 2964-5).
The Finance Committee reported the nomination of Cveta Culp Hobby to be Secretary of Health, Education, and Welfare (p. 2965).
4. **BUDGET.** Sen. Murray urged prompt disclosure of the revised budget figures of the various departments and agencies (pp. 2965-7).
5. **INTERGOVERNMENTAL RELATIONS.** Sen. Humphrey commended the President's recommendation for a study of this subject and reviewed past proposals having a similar objective (pp. 2967-8).
6. **DAIRY PRODUCTS.** Sen. Humphrey suggested possible use of a "compensatory payment plan" and other alternative plans for supporting dairy prices, and inserted a Washington Post article on the subject (pp. 2963-4).
7. **FARM PROGRAM.** Sen. Humphrey inserted a Farmers Union local resolutions praising REA, criticizing the "firing" of Claude Wickard, urging use of surplus butter

for the armed forces and public institutions, and favoring the divorcement of Extension Service from the Farm Bureau (p. 2954).

8. **EXPENDITURES; PERSONNEL.** Sen. Byrd inserted a report of the Joint Committee on Nonessential Federal Expenditures showing Federal personnel and pay. He stated that personnel reporting is inaccurate in some instances and said "immediate steps should be taken to assure a complete overhaul of central personnel reporting" (pp. 2955-9.)
9. **PERSONNEL.** Sen. Wiley inserted a La Cross County Chamber of Commerce resolution urging revision of civil service laws to permit replacement of policy-forming officials, etc. (p. 2964).
- BILLS INTRODUCED
10. **WATER-FACILITIES LOANS.** S. 1603, by Sen. Fulbright (for himself and Sens. Thye and Eastland), to extend the Water Facilities Act to the entire U. S.; to Agriculture and Forestry Committee (p. 2959). Remarks of author (pp. 2959-61).
11. **REORGANIZATION.** S. Res. 100, by Sen. Russell, to disapprove Reorganization Plan No. 2 of 1953, relating to this Department; to Government Operations Committee (p. 2962).

ITEMS IN APPENDIX

12. **FOREIGN TRADE.** Sen. Flanders inserted an address by O. R. Strackbein discussing proposals for free trade (pp. A1931-2).
13. **SMALL BUSINESS.** Sen. Thye inserted a Journal of Commerce editorial favoring retention of the Small Defense Plants Administration (pp. A1933-4).
14. **INTERGOVERNMENTAL RELATIONS.** Rep. Gamble inserted a New York Times editorial discussing the need for a major study of overlapping Federal, State, and local functions and taxation (pp. A1934-5).

COMMITTEE HEARINGS RELEASED BY G. P. O.

15. **COMMERCE DEPARTMENT APPROPRIATIONS for 1954.** H. Appropriations Committee.

COMMITTEE HEARING ANNOUNCEMENTS: Farm imports-exports, S. Agriculture, Apr. 10 (State Dept. and MSA to testify). War-risk insurance on exports of cotton, etc., S. Banking and Currency, Apr. 13-14. Mexican farm-labor bill, S. Agriculture, Apr. 15 (exec)(postponed from Apr. 9).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105A.

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Daily Digest

HIGHLIGHTS

Senate continued debate on submerged lands bill.

Senate committees ordered reported bills on controls, housing, railroad reorganization and antiracketeering, and nominations.

Senate

Chamber Action

Routine Proceedings, pages 2953-3004

Bills Introduced: 9 bills and 3 resolutions were introduced, as follows: S. 1598 to S. 1606; and S. Res. 98-100.

Pages 2955, 2959-2962

Bills Reported: Reports were made as follows:

S. Con. Res. 24, to revise and reprint the pamphlet entitled "Our American Government" (S. Rept. 137); and

S. Res. 98, granting payment of a gratuity to the estate of a deceased Senate employee (no written report).

Page 2955

Submerged Lands: Senate continued debate on S. J. Res. 13, to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and to the natural resources within such lands and waters, and to provide for the use and control of said lands and resources.

Pages 2968-3004

Confirmations: The nominations of Arthur S. Fleming, of Ohio, to be Director of Defense Mobilization, and of George M. Moore, of Kentucky, to be a Civil Service Commissioner, were confirmed, along with two nominations in the Air Force.

Pages 2964-2965, 3004

Program for Friday: Senate recessed at 6:32 p. m. until noon Friday, April 10, when it will continue consideration of S. J. Res. 13, submerged lands bill.

Committee Meetings

(Committees not listed did not meet)

AGRICULTURAL EXPORTS AND IMPORTS, AND REA NOMINATION

Committee on Agriculture and Forestry: Committee opened hearings on agricultural exports and imports and their effect on farm price programs, with testimony from Secretary of Agriculture Benson and officials of the Department. Hearings continue tomorrow.

In executive session, committee approved the nomination of Ancher Nelsen, of Minnesota, to be Administrator of the Rural Electrification Administration, and postponed action on S. 1207, the Mexican farm labor bill, until April 15.

APPROPRIATIONS—TREASURY DEPARTMENT

Committee on Appropriations: Subcommittee on Treasury-Post Office continued its hearings on proposed 1954 budget estimates for the Treasury Department, and received testimony in behalf of funds for their departments from the following witnesses, accompanied by their associates: G. W. Cunningham, Deputy Commissioner, Bureau of Narcotics, and U. E. Baughman, Chief, U. S. Secret Service. Hearings continue tomorrow.

AMMUNITION SHORTAGES

Committee on Armed Services: Preparedness Subcommittee No. 2 continued its hearings on ammunition shortages, receiving testimony from former Secretary of the Army Frank Pace, and former Under Secretary of the Army Archibald Alexander. Hearings continue tomorrow.

ARMED FORCES HOUSING AND REAL ESTATE

Committee on Armed Services: Subcommittee on Real Estate and Military Construction received testimony from Thomas P. Coogan, Director of the Armed Forces Housing Agency, regarding rental guaranty of family housing overseas, and erection of 200 prefabricated houses overseas as a pilot operation. Subcommittee also discussed routine Air Force real-estate acquisitions. Subcommittee recessed subject to call.

CONTROLS, AND HOUSING

Committee on Banking and Currency: Committee, in executive session, ordered favorably reported S. 1081, providing authority for temporary economic controls and for other purposes, after adopting two additional amendments which would (1) allow the President to

allocate materials for general distribution in the civilian market if he finds either that it is a scarce material critical to the national defense, or that the national defense requirements for the material cannot be met without creating significant dislocation of its normal distribution in the civilian market to a degree creating appreciable hardship, and (2) increase by 10 percentage points the rents under Federal rent controls on April 30, 1953, as compared with the rents being charged on June 30, 1947.

Committee also ordered favorably reported S. J. Res. 26, to extend certain authority of the Federal National Mortgage Association to Guam and to amend the National Housing Act with respect to housing in Alaska, with amendments which would (1) delete extension of authority to Hawaii, and (2) permit private lenders in Alaska to make certain FHA insured loans on terms equal to those of similar loans made by the Alaska Housing Authority.

Committee also announced that hearings would be held on April 13 and 14 on S. 1413, to amend the Export-Import Bank Act of 1945.

NOMINATIONS

Committee on Finance: Committee, in executive session, ordered favorably reported the nominations of Mrs. Oveta Culp Hobby to be Secretary of Health, Education, and Welfare, and of Joseph E. Talbot to be a member of the Tariff Commission.

Prior to this action, Dr. Marjorie Shearon, of Washington, D. C., testified in opposition to Mrs. Hobby's nomination. Testifying in behalf of Mr. Talbot's nomination were Senators Bush and Purtell, and the nominee, who answered numerous committee questions relative to his nomination.

RAILROADS—REORGANIZATION AND ANTIRACKETEERING

Committee on Interstate and Foreign Commerce: Committee, in executive session, ordered favorably reported with amendments S. 978, to amend the Interstate Commerce Act to expedite termination of railroad reorganization proceedings under the Bankruptcy Act, and for other purposes, and S. 275, to define further the national transportation policy to protect all modes of transportation from terrorism, extortion, racketeering, and other unlawful and unethical business tactics.

CONSTITUTIONAL AMENDMENT—TREATIES AND EXECUTIVE AGREEMENTS

Committee on the Judiciary: Continuing its hearings on S. J. Res. 1, proposing an amendment to the Constitution

of the U. S. relative to the making of treaties and executive agreements, subcommittee heard testimony in opposition to its enactment from Mutual Security Director Harold Stassen; Stephen F. Dunn, General Counsel, Department of Commerce; and George Delaney, AFL. Testifying in favor of this legislation was George Finch, American Bar Association. Hearings continue tomorrow.

NOMINATIONS

Committee on the Judiciary: Subcommittee approved for reporting to the full committee the following nominations: Clifford M. Raemer, of Illinois, to be U. S. attorney for eastern district of Illinois; Edward L. Scheufler, of Missouri, to be U. S. attorney for the western district of Missouri; Omar L. Schnatneier, of Missouri, to be U. S. marshal for the eastern district of Missouri; and Joseph I. Kincaid, of Maryland, to be U. S. marshal for the district of the Canal Zone. Prior to this, routine hearings were held on these nominations.

TAFT-HARTLEY ACT REVISIONS

Committee on Labor and Public Welfare: Continuing its hearings on proposed revisions and amendments to the Labor-Management Relations Act, committee heard testimony regarding communism in labor unions, including Communist oath provisions of the Taft-Hartley law and legislative proposals dealing with communism in trade unions and related matters, from Warren Olney III, Assistant Attorney General, Criminal Division, Justice Department; William J. Barron, General Electric Corp.; R. D. Blasier, Westinghouse Electric Corp.; and Ellery W. Stone, American Cable & Radio Corp.

Also under discussion today was the subject of election problems, including free speech, strike votes, voting rights of strikers, bargaining without election, Bonwit-Teller doctrine, and operation of functions within the NLRB, with testimony from C. F. Hawker, Armstrong Cork Co.; John S. Groves and J. S. Loynd, Allegheny Ludlum Steel Corp.; Chester P. Fitch, attorney of Portsmouth, Ohio; and Fayette S. Dunn, Otis Elevator Co. Hearings continue tomorrow.

SMALL BUSINESS—BATTERY ADDITIVE

Select Committee on Small Business: Committee met in executive session to consider the controversial case of the battery additive AD-X2, after which it announced that Dr. A. V. Astin, former Director of the National Bureau of Standards, and other interested parties, would be invited to testify on this matter at public hearings sometime in May.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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OFFICE OF BUDGET AND FINANCE

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HIGHLIGHTS: Senate committee reported economic controls bill. Senate confirmed Nelsen and Hobby nominations. Senate received nomination of Lawton to CSC.

SENATE

1. ECONOMIC CONTROLS. The Banking and Currency Committee reported with amendment S. 1081, providing authority for temporary economic controls (S. Rept. 138)(p. 3009).
2. NOMINATIONS. Confirmed the nominations of Ancher Nelsen to be REA Administrator and Oveta Culp Hobby to be Secretary of Health, Education, and Welfare (pp. 3012-3). Received the nomination of Frederick J. Lawton to be a Civil Service Commissioner (p. 3066).
3. SUBMERGED LANDS. Continued debate on S. J. Res. 13, to establish State titles to submerged lands (pp. 3013-50, 3055).
4. ELECTRIFICATION; NATURAL RESOURCES. Sen. Morse spoke in favor of conservation of natural resources and the REA program and related activities (pp. 3063-6).
5. FORESTRY. Sen. Goldwater inserted an Ariz. Legislature memorial favoring H. R. 1972, to earmark 10% of forest receipts for recreation and wildlife (p. 3007).
6. FOREIGN AID. Sen. Wiley spoke in favor of sending surplus dairy products and beef to Korea and inserted a Grange local resolution on this subject (p. 3007).
7. GRAZING LANDS. Sen. Morse inserted a Crowfoot Grange (Ore.) resolution opposing the proposed Uniform Federal Grazing Tenancy Act (p. 3009).

ITEM IN APPENDIX

8. INTERGOVERNMENTAL RELATIONS. Extension of remarks of Rep. Bender favoring the President's plan to study Federal-State governmental relations (p. A1942).

COMMITTEE HEARINGS RELEASED BY GPO

9. INDEPENDENT OFFICES APPROPRIATIONS for 1954, part 2. H. Appropriations Committee.

COMMITTEE HEARING ANNOUNCEMENTS: Agricultural imports and exports, S. Agriculture, Apr. 14, 16, and 17. Mexican farm labor bill, S. Agriculture, Apr. 15 (exec). War-risk insurance on exports of cotton, etc., S. Banking and Currency, Apr. 13 and 14 (Davis to testify). St. Lawrence waterway, S. Foreign Relations, Apr. 14-16. Establishment of Commission on Organization of the Executive Branch and Commission on Governmental Functions and Fiscal Resources, Apr. 14, S. Government Operations. Hawaii statehood, S. Interior and Insular Affairs, Apr. 13(exec). Import controls for dairy products, H. Agriculture. USDA reorganization plan, H. Agriculture, Apr. 15 (exec). Authority to donate surplus commodities without regard to priority order, H. Agriculture, Apr. 17. Limitation of Federal expenditures in fiscal year, H. Government Operations, Apr. 13. Construction of Eklutna reclamation project in Alaska; H. Interior and Insular Affairs Committee, Apr. 13. Alaska statehood, H. Interior and Insular Affairs, Apr. 14-17. Trip leasing by motor carriers, H. Interstate and Foreign Commerce, Apr. 21-22. Lump-sum leave payments to major officers, H. Post Office and Civil Service, Apr. 15. Study of national highway program, H. Public Works, Apr. 14. Mexican farm labor bill and investigatory powers of H. Agriculture, H. Rules, Apr. 14. Agricultural appropriations, S. Appropriations (Benson to testify).

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83D CONGRESS }
1st Session }

SENATE

{ REPORT
{ No. 138

STANDBY ECONOMIC CONTROLS

REPORT

FROM THE

COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

S. 1081

A BILL TO PROVIDE AUTHORITY FOR TEMPORARY
ECONOMIC CONTROLS AND FOR OTHER PURPOSES
TOGETHER WITH THE MINORITY VIEWS OF MR.
BRICKER, MR. BENNETT, AND MR. GOLDWATER AND
THE INDIVIDUAL VIEWS OF MR. CAPEHART



APRIL 10 (legislative day, APRIL 6), 1953.—Ordered to be printed

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PROVIDING AUTHORITY FOR TEMPORARY ECONOMIC
CONTROLS

APRIL 10 (legislative day, APRIL 6), 1953.—Ordered to be printed

Mr. CAPEHART, from the Committee on Banking and Currency,
submitted the following

REPORT

Together with the

MINORITY VIEWS OF MR. BRICKER, MR. BENNETT, AND
MR. GOLDWATER AND THE INDIVIDUAL VIEWS OF
MR. CAPEHART

[To accompany S. 1081]

The Committee on Banking and Currency, to whom was referred the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

INTRODUCTION

Today we observe signs of a possible armistice in Korea and pray earnestly that peace may surely come. But peace, if it be a durable one, must be retained much as it has been gained—by strength and courage, moral and physical.

Almost 3 years ago the Nation waited somewhat impatiently while your committee deliberated on the legislation which it finally recommended to the Congress, and which provided the legal framework and the economic rules for the mobilization of our resources for what many feared to term “a war.”

To brave men and gallant soldiers of our Nation and of the United Nations belong the chief credit and the well-earned glory for our success in Korea and that an armistice is now being considered. But in modern warfare, as we are coming to understand, military strength must be backed by industrial might. But we are prone to forget that

at the economic front, no less than at the military front, courage, tremendous effort, and intensive planning are also required. Difficult as it has been to make our people aware of this during wartime, it is ever so much more difficult to convince them of it when more peaceful conditions prevail or are about to prevail. But if we are to win the peace and keep the peace, the American people must be ever conscious of it and support a planned program of industrial mobilization and economic action in the event of war.

The Defense Production Act helped us successfully to mobilize for the Korean war and if extended, with the amendments recommended, will strengthen our defense and military efforts. If peace comes, it will serve to insure that peace.

It would be easier for your committee to avoid the problem, or at least to postpone consideration of the more controversial aspects of the problem to a later time, perhaps when the enemy attacks, God forbid, our allies or our own cities. If we ask our people to sacrifice and to show intelligence in their planning and action, your committee believes Congress should set the example.

Accordingly your committee after much deliberation recommends a bill which enables us to continue and complete our mobilization program. It continues material and rent controls in a limited way, continues the loan and production expansion program, provides for standby credit control authority and authorizes the President to impose a wage, price, and rent freeze for a 90-day period in the event of a grave national emergency.

GENERAL STATEMENT

Your committee in recommending this bill wishes to emphasize that it does not believe price and wage controls are needed at this time. On the contrary, it believes now that prices and wages are generally in normal relationship and the economy as a whole is relatively stable, and that controls would only hinder the growth and efficient operation of our economy.

On the other hand your committee firmly believes that so long as a Korean war exists or a difficult international situation prevails where war could break out at any moment, we should be prepared industrially and economically to meet it; just as we should be prepared militarily.

CONCLUSIONS OF WAR INVESTIGATING COMMITTEE

The Special Committee To Investigate the National Defense Program made a long and continuous study and held extensive hearings on the operation of our economy during World War II. In its final report it reached a conclusion which your committee in reporting this bill endorses and believes it is carrying out, insofar as it has jurisdiction. The report was submitted by the chairman of the committee, the then Senator from Maine, Mr. Brewster, on April 28, 1948. The members of the committee at that time were Senators Homer Ferguson, Joseph R. McCarthy, John J. Williams, George W. Malone, Harry P. Cain, Carl A. Hatch, Claude Pepper, J. Howard McGrath, and Herbert R. O'Connor.

The conclusions of the Report No. 440, part 6, 80th Congress, 2d session, were as follows:

1. A prompt and effective mobilization of our entire economy is essential in the event of war. In time of war our armed services are dependent upon the economic resources of the Nation and the productive capacity of its people for the vast amounts of weapons and supplies necessary to equip and maintain a modern fighting force. At the same time, our economy must meet the essential needs of the population.

2. In reviewing the history of our mobilization planning efforts in two world wars, the committee has observed that the lessons learned from experience in controlling our national economy during World War I were largely disregarded when similar problems confronted us in World War II. Only belatedly in World War II did we put into effect many of the organizational principles embodied in our industrial mobilization plans.

3. The committee recommends that the Congress give close and continuing attention to the activities of the executive departments responsible for mobilization planning in order to make certain that the industrial mobilization plan now being considered is formulated promptly. Once the plan is completed, it should be periodically revised from time to time in the light of changing strategic military plans and technological developments.

4. As soon as an industrial mobilization plan is prepared by the executive branch, the Congress should implement the plan by legislation so far as practicable. All experience demonstrates that detailed legislative programs for industrial mobilization cannot be enacted quickly in a crisis. The Congress should at the same time provide for progressive implementation of the plan by predetermined legislative or executive action to meet any crisis as it develops. If this is done now a great deal of delay and confusion will be avoided when, as, and if an emergency does arise.

5. As in the case of reserves in our military forces, a reserve of men experienced in specialized phases of business and industry should be designated, trained, and available to undertake the administration of the various Government agencies which must necessarily be set up under any mobilization plan in order to direct the economic phase of war in the national emergency.

6. The most difficult problem in the mobilization of industry for war is the decision to put the mobilization plan into effect. The committee, therefore urges that the Congress and the executive branch arrive at a determination now as to how and when, and in what stages, the industrial mobilization plan should be put into effect when the need arises.

7. The American people must realize that in another war this Nation may at once become not only an arsenal but also a battlefield. The committee believes that the prompt and effective mobilization of our economy in time of war is of such vital importance to the security of this country that it demands the constant attention and bipartisan consideration of the Congress and the executive branch of the Government.

8. In this era of total war consideration may well be given to universal service (a) to assure that each shall do his proper part in defense of his country; (b) to eliminate unjust enrichment.

9. In any event, new techniques must constantly be developed to take unfair profits out of war and out of preparation for war.

THE WAIT-AND-FIDDLE APPROACH

Out of his long experience with the subject of war mobilization, Bernard Baruch also emphasized the need for action now, if we are to be prepared in the event of a grave national emergency. He testified:

To wait is to die. To wait is to make certain our mobilization will be needlessly slowed which means lengthening the struggle for victory and dooming some to lose their lives needlessly.

One of two general courses of action is possible. The wise course is to act promptly before the economy is out of hand, to preserve as far as possible the equilibrium that existed prior to the emergency.

That is the sound course of action. The other course is to wait and fiddle until the economy is out of control. Only then do you act. Your whole mobilization then becomes a wild chase of a dog after his own tail. You then have to chase the

disruptions caused by the Government's failure to act in time in a frantic effort to recover the equilibrium which should never have been lost.

The choice, in short, is between acting before serious harm is done and waiting until you are deep in trouble before acting. One course locks the stable door promptly. The other deliberately keeps the stable door open until the horse is stolen.

To wait and fiddle is wrong morally as well as economically. When you invoke an across-the-economy ceiling at the outset of the emergency, your mobilization is set up on a sound moral base. Your very first action obviously treats all segments of the economy alike. None can claim that special favoritism is being shown to business or to labor or to agriculture or to any special interest.

In contrast, under the wait-and-fiddle approach, you begin your mobilization by destroying your moral base. In letting the economy get out of hand before acting, you unavoidably permit some groups special advantage over others. Each segment of the economy is given a grievance with which to justify its own inflationary demands.

The overall ceiling, being based upon the economic relationships that prevailed before the emergency, enables you to establish the principle that none shall profiteer from the emergency. If you allow that balance to be disrupted, you lose the moral ground for enforcing this principle. You are left with no standard but expediency with which to resist the clamorous demands of pressure groups.

In brief, the policy of wait and fiddle has the effect of inviting every group to exploit the national peril for its own selfish advantage.

If the Congress fails to enact an adequate standby mobilization law, whether you realize it or not, you will be putting a premium on selfishness. It is virtually impossible to invoke an overall ceiling properly, unless the power to act is on the statute books and at least the skeleton of the administering agency is in place before the emergency. Without this, the delay that will ensue makes it virtually certain that action will not come until the inflationary race is already underway and your whole mobilization under heavy handicap.

PROMPT ACTION BY FEDERAL GOVERNMENT ESSENTIAL

The President in his state of the Union message stated that we are "living in an international situation that is neither an emergency demanding full mobilization, nor is it peace." Director Flemming of the Office of Defense Mobilization in recognition of this testified that:

We do believe, however, that the Federal Government must keep itself in a position where it could act promptly and effectively if an emergency situation should develop.

In other words, whether we have standby freeze authority, or not, a major responsibility rests with the executive branch to develop on a cooperative basis with the legislative branch the kind of plans that, when put into effect, will deal adequately and promptly with an emergency situation should one arise.

BRIEF SUMMARY OF BILL

Section 1. Title

Defense Production and Temporary Controls Act of 1953.

Section 2. Declaration of policy

America must be in position to meet threats from abroad on the economic front. In the event of a grave national emergency the Executive must have power to impose a swift freeze on price, wage, and residential rent controls for a temporary period until Congress can act.

Section 3. Allocations and priorities

Section 101 (a) of the Defense Production Act concerning allocation and priority authority was amended to remove prohibition against livestock slaughtering quotas and limitations on United States participation in International Materials Conference.

Section 101 (b) of the Defense Production Act, as written in the bill, restricts the power of the President to allocate materials for general distribution in the civilian market to cases where he finds (1) that it is a scarce and critical material essential to national defense, or (2) that national-defense requirements for the material cannot be met without creating significant dislocation of distribution in the civilian market to a degree creating appreciable hardship.

Section 4. Import controls

Authority to control imports of fats and oils and dairy products repealed.

Section 5. V-loans

Section 301 (a) of the Defense Production Act was amended to allow V-loans to be made in connection with termination of Government contracts; and declared that no small-business concern shall be denied a V-loan merely because an alternative source of supply exists for the item to be procured on Government contract.

Section 6. Long-term contracts

The term for long-term Government contracts for scarce materials is extended by 1 year from 1962 to 1963.

Section 7. Transfer to stockpile

Section 303 of the Defense Production Act is amended to provide that any materials acquired by the Government under long-term contracts which are in excess to programs under the act shall be transferred to the national stockpile. Stockpile appropriations are not charged for the cost of acquisition of such materials. The Treasury is directed to cancel notes of Defense Materials Procurement Administration equal in amount to the cost of acquisition of materials so transferred to stockpile. The borrowing power from the Treasury under section 304 of the Defense Production Act is thereupon reduced by the amount of the acquisition cost of materials so transferred to stockpile.

Section 8. Credit controls

Title VI of the Defense Production Act is rewritten.

Section 601 of that act, as rewritten, authorizes the Federal Reserve Board to impose and remove consumer credit controls governing downpayment and length of time for payment of the sale of durable goods.

Section 602 to section 604 of the act were amended to permit the President to authorize controls on real-estate construction credit for construction begun after the date the President issues any regulation imposing such real-estate credit controls. It should be noted that this applies only to new construction after that date.

Section 9. Civilian market allocations

Section 701 (c) of the Defense Production Act is amended to say that whenever the President allocates materials in the civilian market he shall try to do so on the basis of giving (1) a fair share to business based on the share business receives under normal conditions in a free competitive market following June 30, 1953, with regard being given, after allocations are imposed in the civilian market, to periodic changes in current competitive position, the needs of new concerns and newly acquired operations of existing concerns, for materials not under

control on June 30, 1953; and (2) a fair share based on the amount received by business during a representative period before June 24, 1950, adjusted to reflect changes in competitive position, needs of new concerns and newly acquired operations since that date, in the case of materials still under control on June 30, 1953.

Section 10. Definition of national defense

National defense is redefined to remove the specific reference to the Mutual Defense Assistance Act of 1949, as amended, and substitutes for that a reference to the foreign economic or military assistance programs.

Section 11 (a). Definition of small business

The definition of a small-business concern in section 714 (a) (1) of the Defense Production Act is amended to expressly include producers of strategic minerals and metals whose businesses are independently owned and operated and are not dominant in their field of operation.

Section 11 (b). SDPA

The life of the Small Defense Plants Administration is extended from June 30, 1953, to June 30, 1955.

Section 12. Allocation to small plants

Section 714 (f) (3) of the Defense Production Act is amended to require that whenever the President allocates materials in the civilian market a fair percentage thereof shall go to small plants unable to obtain them from usual sources.

Section 13. Deletion

Section 714 (f) (4) of the Defense Production Act is repealed because it was practically a repetition of section 701 (c) of the act which has been continued. The only differences appearing in section 714 (f) (4) referred to the needs of new concerns during a period of allocation. That provision has been incorporated in section 701 (c) as extended.

Section 14. Termination dates

This amends section 717 of the Defense Production Act covering termination dates. Titles I (priorities and allocations), III (financial aids), VI (consumer credit and real-estate construction credit controls), VII (Small Defense Plants Administration, voluntary agreements exempt from antitrust procedures, and general housekeeping provisions), and VIII (90-day freeze) will terminate June 30, 1955, or not more than 90 days thereafter if that extra time is needed to give effect to a 90-day freeze invoked shortly before June 30, 1955.

Title II (requisition and condemnation) of the Defense Production Act is allowed to lapse June 30, 1953.

Titles IV and V (price and wage controls) are allowed to lapse April 30, 1953.

Section 15. Termination of V-loans

This allows the continuation of V-loans granted, including those for reconversion for civilian production, even after expiration of the Defense Production Act.

Section 16. 90-day freeze

This adds a new title VIII to the Defense Production Act providing for a 90-day freeze on prices, wages, and residential rents when-

ever the President finds a grave national emergency exists and that the use of such freeze is necessary for national security and economic stability. The base date for the freeze is (1) the level prevailing on the business day before the freeze, or (2) those prevailing on any of the preceding 30 days which in the judgment of the President are generally representative, or (3) if none prevailed during the 30-day period then those prevailing on the nearest date on which in the President's judgment they are generally representative. The freeze ends 90 days after issuance or earlier if Congress so provides by law or concurrent resolution. The freeze may be used only once. The President is authorized to provide exemptions from the freeze and suspensions or adjustments of ceilings where necessary for national defense or where ceilings would be impracticable or unnecessary.

The President may issue orders controlling evictions. It is made unlawful to violate any regulation or order under the title and allows the President to impose administrative sanctions for violations, such as denial of tax benefits. A criminal penalty of \$10,000 or 1 year imprisonment, or both, is set for willful violation. Title VIII is made effective May 1, 1953.

Section 17. Veterans' preference

This continues veterans' preferences for purchase and rental of housing built since June 30, 1947, as provided in section 4 of the Housing and Rent Act of 1947 (Federal rent-control law). It also extends these benefits to veterans of the Korean war.

Section 18. Rent-control extension

This amends the Federal Rent Control Act as follows: Rent controls in other than critical areas which are under control on April 30, 1953, are continued until September 30, 1953. These are the areas where by local option Federal rent controls were extended last September 30 until April 30, 1953. In areas now or hereafter declared critical defense housing areas Federal rent controls continue until April 30, 1954, but by September 30, 1953, all critical areas must be reviewed to see whether they meet the new criteria for critical areas set forth in this bill. These new criteria allow an area to be declared a critical defense housing area only if there has been a new or reactivated military, Atomic Energy Commission or Government installation, with a resulting inflow of workers or military personnel, accompanied by a substantial shortage of housing for such people. Under the law as it exists now, before this new bill becomes law, an area could also be declared a critical defense housing area if a new defense plant was installed or reactivated resulting in an inflow of workers for whom a substantial shortage of housing existed.

Federal rent controls can be terminated by proclamation of the President or by concurrent resolution of the Congress at any time before April 30, 1954. (The provisions of sec. 204 (j) of the Housing and Rent Act of 1947, as amended, allowing States, cities, towns, and villages to remove themselves from Federal rent controls at any time are continued. An earlier version of the bill had proposed to remove these local-option features.)

Section 19 (a). Base date, local-option areas

In areas other than critical areas which came under Federal rent control by local option which remain under Federal rent control the

base date for computing rent ceilings has been changed from May-June 1950 levels to March 1-April 1, 1953, levels (this will really affect only houses built before February 1, 1947, which are now rented for the first time, because housing completed after that date is not subject to rent controls in other than critical areas).

Section 19 (b). Base date, critical areas

A similar change was made in the base date in computing rent ceilings in critical defense-housing areas (in critical areas all housing accommodations whenever built are subject to Federal rent control).

Section 20. Definition of critical defense areas

This section redefines critical defense housing areas.

Section 21. Rent ceiling increase

Section 204 (o) of the Housing and Rent Act grants an automatic increase in ceilings to an amount equal to 130 percent over the rent ceiling in effect on June 30, 1947, or if no ceiling was then in effect 130 percent over the ceiling then in effect for comparable housing. The present section 204 (o) already allows an increase to 120 percent of the rent ceiling in effect on June 30, 1947.

Section 22. Protest and appeal

This preserves the right of an aggrieved party to protest regulations or orders issued on Federal rent controls and to appeal from an unsatisfactory decision to the Emergency Court of Appeals.

Section 23. Administration

This allows the President to administer Federal rent controls through any Government agency he may designate.

THE HEARINGS

Your committee had before it two bills, S. 753 providing for the continuation of certain sections of the Defense Production Act and a comprehensive standby control authority with a small standby control organization, and S. 1081 providing for a 90-day price, wage, and rent freeze authority. It also had under consideration the President's request for the extension of and amendments to the Defense Production Act. It had the benefit of 4 weeks of testimony from 110 representatives of industry and business, labor, agriculture, the consumer and the Government. In addition, your committee had the benefit of the views and statements of 143 individuals, organizations, and governmental agencies.

For the most part the testimony, aside from that on the extension of rent control which was considered separately, centered itself on the more controversial aspects of the various proposals, namely, a standby price, wage, and rent authority with a small standby organization, and the 90-day price, wage, and rent freeze authority.

The representatives of industry, business, and agriculture almost unanimously opposed the S. 753 approach. Similarly, but with some notable exceptions, opposition was expressed by these same groups to the 90-day-freeze approach in S. 1081. Labor, public, and consumer groups urged action along one approach or the other with some variations, but emphasized the need for some protection against the

impact of inflationary forces when an emergency strikes. The administration testified that while it might require price, wage, and rent control authority if an emergency struck, it opposed the provisions in S. 753, and preferred the 90-day-freeze authority if Congress didn't believe it could enact a control bill promptly.

PRINCIPAL ARGUMENTS AGAINST CONTROLS

The principal argument against the standby price, wage, and rent authority and the freeze of prices, wages, and rents was that price and wage controls could not and did not work, or to the extent they did work they affected adversely the operation of the economy. Another important argument made against the existence of such authority to control prices, wages, and rents was that it would afford a constant temptation to invoke it, and it might be invoked when it wasn't really needed. The very existence of the authority to freeze prices, wages, and rents, these witnesses maintained, would serve as an incentive for businessmen to keep their prices and rents high and workers to get the highest wages possible, lest they be caught with their prices, rents, and wages down when the freeze authority was invoked. If the law of supply and demand afforded the best means of operating our economy in times of peace, then why, these witnesses in effect asked, should it not be just as effective and just as useful in time of war?

PRINCIPAL ARGUMENTS FOR ACTION NOW

Effectiveness of price controls

Your committee realizes, as does anyone who has ever studied the workings of our economy, the complexity and difficulty of the problem of price, wage, and rent control, and is aware that in a few paragraphs, or even in volumes, it would be difficult to convince those who argued that controls never did nor never could work, or that, if they did work, they affected adversely the operation of the economy. Your committee would like to point out that as soon as price and wage controls were put into effect during the present Korean conflict and before that in World War II, prices abruptly halted their upward spiral and leveled out. Moreover, your committee found that under price control and sharp dispersions of price movements (as reflected in the Consumers' Price Index, the Wholesale Price Index, and the Spot Market Price Index) that took place after Korea were corrected by converging movements subsequent to invoking of controls, and that price relationships in the last part of 1952 were far healthier and more normal than they were a year earlier when the price stabilization authority of the Defense Production Act was first used.

Production not decreased

In view of the tremendous increases in all the indexes of production and the visible evidence of that growth during the Korean war and World War II, it is hard to believe that price and wage controls have the adverse effect on the operation of our economy that the price-control opponents attribute to them. Examples, no doubt, can be cited, but they would appear to be the exception rather than the rule.

Confidence in administration

The fear that the existence of authority to freeze prices, wages, and rents would offer a temptation to the administration to use it cannot be successfully maintained. It is significant that those who would be given this authority have already terminated controls which they could have used. Furthermore, it is asking for less authority than your committee is recommending. For one seriously to fear the irresponsible and haphazard use of such authority on the part of the present administration indicates a lack of confidence in its responsibility.

Existence of freeze authority not inflationary

To argue that the existence of the authority to freeze prices and wages would serve to keep prices and wages high lest the authority be invoked is to argue without relation to reality. Businessmen normally attempt to get the best price they can for their goods or services and wage earners the highest wages. But competition and the market always have to be considered, and no businessman would compete or wage earner get or hold a job, if he asked for any length of time more than the market allowed. Businessmen would go bankrupt and workers would go hungry while they awaited the freeze.

But, to be practical, when could a freeze be invoked? It could be invoked in time of a grave national emergency, and it is the existence or anticipation of such a grave national emergency that causes prices and wages to go up, not the authority to freeze. As a matter of fact, the assurance that the authority to freeze prices and wages would give to the consumer, the businessman, and the wage earner would act as a deterrent to price and wage increases. The fear that prices and wages will be allowed to get out of hand is the main reason why the vicious cycle of overbuying, hoarding, stocking up on inventories, higher wages, and higher prices accelerates as it does. Confidence would replace fear; and knowledge, irresponsible prognostications.

Supply and demand do not work in emergency

In answer to the argument of those who ask "if supply and demand are so effective in peacetime, why not use them in time of war?" your committee takes the view that in peacetime naturally, supply and demand regulate the market place. But in wartime the situation is entirely different—the supply of civilian goods is greatly diminished and income is greatly increased. And when a war breaks out or is about to break out all this is anticipated by businessmen and consumers. Both tend to hoard and attempt to buy all the goods upon which they can afford to lay their hands. The law of supply and demand is a fairly effective mechanism, but it needs time for adjustments and in war that is one thing sadly lacking.

Prompt action difficult during emergency

Some of the witnesses opposing price, wage, and rent control testified that under no circumstance, even in an all-out war, could they conceive that the control of prices, wages, and rents would be of any value. However, most of the witnesses who testified against the use of controls conceded that, in the event of a major national emergency, a freeze of prices, wages, and rents might be required. But, they stated, it would depend on the situation and circumstances existing at the time. Furthermore, they reasoned, if such an emergency occurred,

the Congress could pass a resolution within a few days freezing all prices, wages, and rents.

While your committee does not, for one moment, doubt the sincerity and patriotism of these witnesses it is inconceivable that some of these same people would not request and expect hearings to be held on such resolution. No doubt, Congress which is composed of some Members who share the same view on economic controls would also insist on a full and careful consideration and debate of such a measure.

The representatives of the administration, as noted previously, also expressed the hope that Congress would act promptly if, in its judgment, such freeze authority became necessary. Your committee wishes it could share the hope that Congress would act as promptly as it would appear to some it should act. But long and expert experience with our legislative machinery and with legislation relating to price, wage, and rent controls, in particular, convinces us that such a hope of prompt action by the Congress on a measure that affects so vitally every industry, every worker, and every consumer in the country would prove to be a forlorn hope.

Experiences of delay during World War II and Korea

At the time of World War II, although our allies already were in a total war and although it was generally agreed that it was only a matter of time before we would also be involved, the National Defense Advisory Board spent the first half of 1941 attempting to draft price control legislation, and finally a bill was introduced on August 1, 1941. It took 6 months before the bill became law on January 30, 1942. And the General Maximum Price Regulations were not issued until 3 months later, on April 28, 1942.

In the meantime prices moved sharply upward. By February 1942 the Consumers' Price Index had increased by 12 percent over January 1941 and by 6 percent from the time the bill was introduced in August 1941. Wholesale prices had increased by 20 percent and 7 percent over the same periods. Wage rates were keeping pace with these increases, and the take-home pay of industrial workers was increasing much more rapidly.

The North Koreans crossed the 38th parallel on June 24, 1950. It was almost a month later, on July 19, 1950, that the Defense Production Act was introduced. Congress acted as expeditiously as possible, as many Members of the 81st Congress will recall, yet it was September 8, 1950, before the bill became law. The General Ceiling Price Regulation was not issued until almost 5 months later on January 26, 1951. In the meantime the price-wage spiral accelerated upward. The import spot-market index stood at 101.5 on June 23 and rose to 130.9 by September 8, when the act became law, and increased to 159.5 by January 26, 1951. The domestic spot-market index moved a little less violently being at 100.8 on June 23, 1950, 119.1 on September 8, and 135.7 on January 26, 1951. Wholesale prices moved from 100 on June 27, 1950, to 107.5 on September 12, right after the act was signed, and to 115 immediately following the freeze on January 30, 1951. The Consumers' Price Index reflected the same trends, moving from 100 in June 1950 to 102.6 in September and to 106.6 in January 1951. The average hourly earnings kept pace with Consumers' Price Index increasing from 100 in June 1950 to 101.8 in September and 107 in January 1951.

The cost of inflation during fiscal year 1951 to the Department of Defense alone was estimated at \$7 billion. The consumers of the country had to pay an estimated \$18 to \$20 billion more for the goods and services they bought because of the price increases which took place between the outbreak of hostilities in Korea and the date of the issuance of the General Ceiling Price Regulation on January 26, 1951.

It is obvious from these experiences and these facts that Congress cannot be expected to act rapidly enough to prevent the inflationary forces from being unleashed on the economy with all their disruptive and ramifying effects.

Controls required at beginning of emergency

During the period from the inception of an emergency to the time a control law is enacted the very evil which such a law is designed to control makes its greatest headway. People become panicky and in an effort to avoid the higher prices which they expect, rush out and clean off the shelves, and hoard for anticipated needs. Savings are converted into goods and the stream of spending expands in an accelerated and explosive fashion.

Business does likewise. It expands greatly its buying, accumulates excessive inventories and sells goods at higher and higher prices. The price mechanism almost ceases to function for consumers and businessmen alike. Prices become a secondary consideration and the inflationary spiral is already viciously destroying our purchasing power and increasing the cost of our defense production and our cost of government.

Other evil effects of inflation

More important than the cost aspects are the human sufferings, which are unnecessarily created, and the strain and the stresses which are placed upon our economic system. All sorts of dislocations, inequities, disequilibriums, frictions, and disruptions are created in our personal lives and in our productive system which takes years to rectify, and which in many cases are never corrected. Most important it delays and hinders our chief objective at such times—organizing and increasing our production potential for our national defense.

Assurance of stability reduces inflationary pressures

Your committee is agreed that the most important function price, wage, and rent control can perform is to give assurance to the consumers that prices will remain relatively stable. Once the freeze took effect in January 1951, the average citizen seemed satisfied that prices were not going up very much any longer, and immediately the enormous pressure on consumer durables began to drop off. With the outlook for prices fairly stable, the average consumer purchased only what he needed, and again he began to save rather than spend his savings. It is this psychological effect that price control has on the consumer that causes him to save rather than spend. It reduces the flow of income into consumer-goods industries and relieves the marginal pressures on prices for these goods. The savings, thus created, serve as a source of investment capital for defense industries make price controls an effective instrument of economic stability in periods of emergency.

The existence of the authority to freeze price, wage, and rents should cause businessmen to have that same sense of assurance that

prices will not be allowed to spiral upward. As a result, they are not as likely to rush out with the first sign of an emergency in panic to stock up excessive inventories. Thus prices will tend to remain more stable and the very need for invoking a control program might be avoided by the confidence it would engender. If controls finally had to be invoked, fear of price increases could be considerably lessened and so, too, would the problem of controlling such prices.

We prepare otherwise for war

Your committee feels constrained to point out that, while we are not a militaristic nation, yet we prepare for war. We are not a nation of soldiers, yet we have a selective service and a military reserve system in peacetime. The fact that we do prepare for war and have such a system ready to operate effectively and efficiently to help mobilize our military might is an important reason why we have been able to do that part of our job with relative smoothness, speed, and with a minimum amount of dislocation. There is no question, if we were similarly prepared for economic mobilization, we could be able to do that part of our job more efficiently, effectively, and with considerably less dislocation.

Freeze can restrain inflation

Your committee is convinced that the American people want an effective mobilization program as a means of preventing war, or if necessary in fighting a war. To be effective a mobilization program must include plans to prevent inflation and promote a productive and stable economy. It is your committee's judgment that a price-, wage-, and rent-control program in the event of a grave national emergency can serve as an important instrument, if administered properly, of restraining inflation. If such authority did not exist the President would probably, as his representatives have suggested, request it, and Congress would authorize it. But since your committee is convinced that, if we wait until the emergency strikes, it is already too late, it earnestly recommends that the freeze authority be enacted now as a key means of mobilizing our might so that freedom may survive:

OTHER MEANS OF PREVENTING AND CONTROLLING INFLATION

Your committee has discussed the problem of the price, wage, rent freeze, and the related questions rather fully, because they are controversial and have received so much attention. But your committee wishes to emphasize that by no means does it believe that it is the only or the most effective means of preventing inflation and facilitating a productive and stable economy during an emergency period. Rather it is the view of your committee that the most effective means of accomplishing this is by increasing our production. This can be encouraged in numerous and diverse ways, some of which are contained in provisions of this bill, discussed below.

Your committee strongly believes that the so-called indirect controls can be extremely useful in preventing inflation and promoting economic stability if properly timed and adequately imposed. Section 8 of this bill authorizing standby credit control is one means of accomplishing this. It is also the wish and intent of your committee that the Federal Reserve Board use its other powers to the fullest extent possible to prevent inflation and promote economic stability.

It likewise urges the other agencies of the Government, to the extent that they can use their authority to do so, to promote the objectives and purposes of this bill.

Taxation and the spending programs of most of the Government agencies are outside the jurisdiction of your committee, but it recommends that all the committees of the Congress consider the various programs and functions of the agencies that come within their jurisdiction in the light of their inflationary or stabilizing effects in the event this Nation is confronted in the future by a grave national emergency. Taxation policies received repeated emphasis by various witnesses as an important means of controlling and preventing inflation, in the event of a grave national emergency. Your committee recommends that the proper committees in both Houses give serious study to taxation policies and legislation now that might help us stabilize our economy if the Nation is ever again confronted by such an emergency.

ORGANIZATION

The transfer of the Defense Production Administration to the Office of Defense Mobilization and designating the Director of Defense Mobilization as the Economic Stabilization Administrator were, your committee believes, moves to promote efficiency and economy. The continuation of the Office of Defense Mobilization will go a long way in providing the leadership so necessary in our mobilization effort and in the effective administration of the provisions of this bill. The existence of this agency will satisfy the fear that many members of your committee have that, come another grave national emergency, even with the standby freeze authority on the statute book, we would once again be inadequately prepared to cope with the numerous problems arising therefrom, and also would be unprepared effectively to administer the freeze authority.

Defense Mobilization Director Flemming agreed with the view of many members of your committee as to the importance of the Government keeping itself in a position where it could act promptly and effectively, if an emergency situation should develop and the necessity of having a small staff constantly studying the whole problem and preparing plans for meeting it.

Members of your committee have stated and have frequently reiterated the importance of profiting by our past experience and doing something about it now. Your committee, therefore, quotes with its approval Director Flemming's testimony on the need for proper preparation for action in the event of an emergency, and the type of work with which a planning staff should occupy itself.

If we are to avoid mistakes and delays of the past, we must develop plans before we are in an emergency. Although we all hope that we may never have to put these plans into operation we must not fail to have them ready.

In the stabilization field (as in war production, manpower, and civil defense) a planning group must be set up. It should not be a large staff. It should operate under deadline dates. When these dates are met only a very few people will be needed to keep the plans current.

The planning staff should include people with experience in living under controls and part of the emphasis of the staff should be on developing less burdensome and more effective controls.

The staff should prepare operating plans, including legislation, for price, wage, and rent controls and consumer rationing. It should chart the organization necessary to carry out these programs and prepare a panel to staff this organization. It should give major consideration to indirect control methods in order to minimize the use of direct controls.

It is the desire of your committee that the agency will advise and consult with groups representative of industry and business, agriculture, labor, the consumer, and other governmental agencies. It should also review past control regulations with a view to developing better and more realistic ones, if the need ever arises for their use during some future emergency.

The failure properly to organize the administration of the control program in the beginning and the constant reshuffling, rearrangement, and reorganization of responsibility and direction caused considerable irritation both to the public and the Congress. Unnecessary difficulties were created, for example, when the Salary Stabilization Board was originally included under the Wage Stabilization Board. The problem of administering the compensation of labor was very different from that of administering the compensation of management, and the latter did not lend itself to being administered by a tripartite board. Advance planning and study would have prevented and will prevent, if an emergency occurs, many such problems from arising.

Your committee, as Director Flemming requested, will be happy to work cooperatively with the Office of Defense Mobilization in the development of plans and are confident that the Joint Committee on Defense Production will likewise wish to cooperate.

PRIORITIES AND ALLOCATIONS

(Pp. 10 and 11 of bill—Amends title I of Defense Production Act)

PRIORITIES AND ALLOCATIONS

Section 3: All witnesses who appeared before your committee were unanimous in the opinion that priority and allocation authority to channel materials to the defense and atomic energy needs of the Nation must be continued. There is universal recognition of the necessity for giving priority to the production of weapons for the national defense. President Eisenhower recognizes this fact and in his state of the Union message said:

I believe also that material and product controls should be ended, except with respect to defense priority and scarce and critical items essential to our defense. I shall recommend to the Congress that legislation be enacted to continue authority for such remaining controls of this type as will be necessary after the expiration of the existing statute on June 30, 1953.

The administration while recommending the continuation of priorities and allocations for defense activities testified that the substantial expansion in the Nation's capacity for the production of goods and services since Korea has brought supply and demand in most areas of the economy substantially into balance. This has made it possible to discontinue the general distribution of materials throughout the civilian economy except for a few scarce and critical items essential to defense. Accordingly, the administration recommended that the statute ought not to require distribution in the civilian economy but, on the contrary, should express the intent that such distribution be resorted to only in special cases. Assurance thus is afforded business that goods and materials will flow in the normal course of trade except in the case of exceptional and unusual circumstances.

To accomplish this objective subsection 101 (b), which reads as follows, is added to the bill:

The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, or (2) that the requirements of national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

In the bill as now written the President is given full power to require allocations of any material to defense activities, and also to require that defense requirements be given priority. He may also control the general distribution of any material in the civilian market but only to the limited extent that is permitted by the criteria set up in the new subsection 101 (b).

In the administration's recommendation for this new subsection there were the words "major" dislocation and "general" hardship. The committee is of the opinion that there could be dislocations in the normal market which might not be "major" and there could be hardship cases in which the extent might not be "general." The result might be that business, particularly small business, would be affected to a tremendous extent. Yet the President would be powerless under that language to allocate in the civilian market in order to give them relief. Therefore, the word "significant" is substituted for "major" and "appreciable" is substituted for the word "general."

Your committee does not intend by the language of subsection 101 (b) to indicate disapproval or limitation in any manner of the authority of the Department of Commerce to issue orders which prohibit ships documented under the laws of the United States or aircraft registered under the laws of the United States to go to any Chinese Communist port or any other place under the control of the Communists. On the contrary the committee considers the issuance and maintenance of these orders beneficial and necessary.

Sections 701 (c) and 714 (f) (3) of the Defense Production Act of 1950, as amended, are retained with 701 (c) amended so that its language is in conformity with that of subsection 101 (b). Section 701 (c) provides that if there is control of general distribution of material in the civilian market under the criteria set up under subsection 101 (b), such distribution shall be made in such a manner as to make available for business, and various segments thereof, a fair and equitable supply.

The administration testified that there was no longer any necessity for the requirement that no slaughter quotas be established, nor was there any requirement for the language which tended to restrict the activities of the United States in the International Materials Conference since the administration was relaxing controls and had no intention of using the powers which these sections forbade or restricted. These provisions of section 101 were therefore deleted.

HOARDING AND ACCUMULATION

(Sec. 102 of the Defense Production Act of 1950)

This section, preventing the accumulation or hoarding of materials or supplies beyond reasonable needs, was continued without change. It could be used effectively during the 90-day freeze provided for by the new title VIII added by this bill to prevent scare buying and undue accumulation during the time in which Congress is meeting to draft comprehensive control legislation.

WILLFUL VIOLATIONS

(Sec. 103 of the Defense Production Act of 1950)

This section was continued without change.

IMPORT CONTROLS

Section 4: The Department of State and the Department of Agriculture testifying on behalf of the administration strongly recommended the repeal of section 104 of the act. The American Farm Bureau Federation also concurred in this recommendation. These witnesses recognized the fact that some safeguards from excessive imports are necessary on commodities on which we have price support. It was their unanimous opinion, however, that section 22 of the Agricultural Adjustment Act provides such protection when and if needed. Section 22 of the Agricultural Adjustment Act provides for the imposition of import quotas or fees by the President if, on the basis of a Tariff Commission investigation, he finds that articles are being imported or are practically certain to be imported into the United States under such conditions and such quantities as:

(a) To render or tend to render ineffective, or materially interfere with, any program undertaken by the Department of Agriculture in respect to any agricultural commodity or product thereof; or

(b) To reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which a Department program is being undertaken.

In addition to section 22 there is the escape clause of the Reciprocal Trade Agreements Act which sets up procedure whereby the President may withdraw any concessions granted under a trade agreement whenever, after an investigation by the Tariff Commission, he finds it necessary to take action to prevent or remedy serious injury to a domestic industry. He may make such adjustments in the rates of duty, impose such quotas, and make such other modifications as are found and reported by the Commission.

The Department of Agriculture testified that they are making a study to provide procedures to expedite action under section 22 so that prompt and effective action will be taken whenever necessary. Since your committee completed its hearings on this subject, Secretary of Agriculture Benson testified before the Senate Agriculture Committee and in his testimony requested that legislation be enacted overhauling section 22 so that the President will be enabled to take immediate action, at his own discretion, whenever such domestic agricultural products are threatened by imported products. Hearings before the Tariff Commission are to follow this emergency action on the part of the President. This legislation, if passed, will eliminate the criticism of section 22 that action under it is too cumbersome and slow to take care of an acute situation.

The administration's witnesses testified that they would prefer to rely on section 22 rather than on section 104 of the Defense Production Act because section 104 is inflexible and as a result is having a detrimental effect on our relations with friendly nations.

Continuation of section 104 would compel the United States to continue to act inconsistently with agreements previously undertaken with friendly nations. The continued disregard of these commitments in the face of well-founded and repeated protests from 10 countries is seriously undermining efforts to weld confidence in our leadership along the whole front of our foreign policy.

The prosperity of American agriculture depends on domestic prosperity, but it also depends on the opportunity to ship abroad large surpluses of particular commodities and, therefore, depends on sound economic relationships between the United States and many foreign countries. It is not well for the United States to deny free foreign countries opportunity to engage in profitable and equitable trade with the United States, particularly during a time of declining farm prices. It must be kept in mind that our export of farm commodities exceeds our imports.

In the light of this testimony your committee, in the bill, repeals section 104 of the Defense Production Act.

EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

(Pp. 11 and 12 of bill amends title III of Defense Production Act)

Title III of the Defense Production Act of 1950, as amended, concerning expansion of productive capacity and supply is extended with certain amendments.

V-LOAN PROGRAM

Section 5 amends subsection (a) of section 301, dealing with the V-loan program in order to accomplish two purposes, namely, (1) authorizing V-loans in connection with the termination of Government contracts, and (2) removal of alternative sources of supply as a criteria for V-loans to small business.

Under the present law there is doubt that the language is sufficiently broad to permit a V-loan after a defense contract has been terminated in the interest of the Government, especially if the defense contractor did not have a V-loan during the term of the defense contract. Your committee recognizes now, as it did when the Defense Production Act of 1950 was passed, that it may be just as important for a business to obtain a V-loan after termination as it was when it was performing a defense contract. A V-loan is made available under this section only in the event the contract has been terminated by the Government for its own interest. Frequently, the reconversion problem thrust upon a company after the termination of the defense contract requires considerable capital. Ultimately, of course, the Government will make a settlement on the contract, but unless a V-loan is available prior to settlement by the Government, many businesses in the meantime, especially small businesses, have difficulty surviving. It is only just and fair that provision be made to alleviate this situation so that the transition from defense work to civilian production can be accomplished with the least possible hardships or dislocations. Your committee feels the original language is sufficient to cover such a situation, but in order to clarify the intent of the Congress, the amendment is added to provide specifically that V-loans may be made in connection with or in contemplation of the termination of any defense contract, for the convenience of the Government.

During the hearings some testimony was presented to indicate that some applications by small business for V-loans were being denied on the ground that other sources of supply for the material or commodity called for under the defense contract were readily available. Your committee, therefore, amended the section to make crystal clear the intent of Congress that no application by small business for a V-loan shall be denied solely by reason of alternative sources of supply. (See also sec. 15, p. 26, this report.)

LONG-TERM CONTRACTS

Section 6: Subsection (a) of section 303 of the Defense Production Act of 1950, as amended, relative to purchases and commitments to purchase, is amended to extend by 1 year, from June 30, 1962, to June 30, 1963, the termination date of long-term Government contracts that may be entered into for purchases of or commitments to purchase metals, minerals, and other materials, and for exploration, development, and mining of critical and strategic minerals and metals.

TRANSFER TO STOCKPILE

Section 7: Section 303 of the Defense Production Act of 1950, as amended, which provides authority for the Government to purchase or make contracts to purchase metals, minerals, and other materials, and provides for the encouragement of exploration, development, and mining of critical and strategic minerals and metals in order to encourage increased production of such materials, is amended by adding a new subsection. This subsection directs the transfer to the national stockpile of materials acquired pursuant to the section when such materials are in excess to the needs of the programs under the act. The law now is "open" on the matter of disposition of such materials acquired under this section.

Present provisions of the Strategic and Critical Materials Stockpile Act (Public Law 520, 79th Cong.), as amended, prohibit the transfer of surplus material to the stockpile when stockpile requirements have been met. When the needs of the industry are fully satisfied, the stockpile requirements also might be filled. It then would be necessary for the President to create a second "stockpile" to store the surplus materials acquired under the Defense Production Act, as amended, unless the national stockpile is made available for this purpose or to sell such surplus in the open market.

Since the national stockpile is equipped to handle the storage of such material, it would seem to be practical for the national stockpile to absorb the excess rather than to create a second stockpile or require that such excess material be sold on the open market. To sell on the open market would tend, at least, to depress such market and hence tend to destroy the incentive for expanded production which this section was intended to accomplish. Moreover, the amendment provides that all such transfers be made to the national stockpile without charge against or reimbursement from national stockpile appropriations, except for direct costs that may be incurred in connection with handling any such transfers. The transferring agency, Defense Materials Procurement Administration, is to be charged with a direct loss for the acquisition cost of any materials so transferred. Its notes to the Secretary of the Treasury are to be canceled in such an amount.

The borrowing power of the Defense Materials Procurement Administration under section 304 of the Defense Production Act of 1950, as amended, is thereupon reduced in an amount equal to the acquisition cost of materials so transferred to the national stockpile.

CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT CONTROLS

(Pp. 12 to 19 of bill—Title VI of the Defense Production Act as amended by the bill)

ORGANIZATION

Section 8 of the bill restores authority to invoke consumer credit and real estate construction credit controls in the manner authorized by title VI of the original Defense Production Act of 1950. It vests in the Board of Governors of the Federal Reserve System authority to invoke and to remove consumer credit controls (most recently covered by regulation W issued by the Board of Governors of the Federal Reserve System). It differs from the 1950 act in that the Board of Governors of the Federal Reserve System, rather than the President, is authorized to remove consumer credit controls. Authority to invoke and remove real estate construction credit controls is vested in the President, with the provision that he may act through the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other available and appropriate Federal or State agencies. The passage on a standby basis of legislation granting flexible emergency power to control consumer credit is in line with testimony given your committee by the Chairman of the Board of Governors of the Federal Reserve System and a representative of the Secretary of the Treasury. The Chairman of the Board noted that the Board did not intend to reinstitute consumer credit or real estate credit controls under existing conditions even if given authority to do so.

FLEXIBILITY

In providing the flexible authority recommended by the Board of Governors of the Federal Reserve System and by the Treasury Department, your committee expects the administering agency to make considered use of this flexibility, should it become necessary at any future time to invoke these controls on credit. Failure to use more flexibility in administering these controls in the past led to amendment of the statute so as to restrict their use by prescribing certain maximum limits for downpayments and minimum limits of time to pay the balance of the purchase price.

Your committee expects that, if needed, these controls will be used with moderation to obtain reasonable restraint on credit without destroying business in the fields to which they are applied. In their use, consideration should be given to the extent to which other controls are being exercised to restrain inflation; but the credit controls may be invoked, regardless of whether other controls are in use.

CONSTRUCTION COVERED BY REAL-ESTATE CREDIT CONTROL

The only change made in the 1950 statutory version of real-estate construction credit control authority is to move forward the date determining what constitutes "new construction." Under the bill,

any structure or major addition or improvement not begun before the effective date of any regulation issued under the revised authority for real-estate construction credit control constitutes new construction. Only the credit for such new construction is subject to control under the revised provisions of section 602 of title VI.

However, as to any real-estate loan guaranteed or insured by a Federal Government agency, section 605 of title VI as revised authorizes the President to invoke credit controls without regard to the time of construction of the structure to which the loan pertains. Under section 605, the President is required to preserve the relative credit preferences accorded veterans under existing law.

INDEPENDENCE

Your committee wishes to note that the consumer credit and real-estate construction credit controls provided by title VI may be invoked when needed even in the absence of use of economic controls provided in other titles of the Defense Production Act of 1950, as amended.

INDIRECT CONTROLS HELPFUL

These are two of the indirect controls useful in containing inflationary pressures. Your committee wishes to urge the use of indirect controls as a means of meeting inflationary threats. In its opinion indirect controls are one of the most effective measures for controlling inflation when applied wisely and at the proper time. Their effective use decreases the time during which the method of direct controls is required.

REASONS FOR CREDIT CONTROLS

The United States has long since learned that violent fluctuations in the economic life of the Nation are not conducive to the general welfare. Consumer credit controls and real-estate construction credit controls are two tools which can be used to help flatten the peaks and valleys in the economic cycle induced by emergencies. It is true they are not sufficient by themselves to control inflation, but they aid in that control.

Operating according to the law of supply and demand, these controls decrease the effective legal demand at a time when other factors, such as defense needs, make it impracticable to maintain or increase the supply of goods available to meet a constant or increased demand. Black markets have proved no serious threat as a means of increasing effective illegal demand, because the Government agency administering the controls has the power to adjust the controls flexibly and swiftly to destroy any black-market development, and also because of the adequacy of penalties and administrative sanctions against violators. Failure to observe consumer credit control regulations may lead to suspension of the license of the offending business to continue to extend credit. Moreover the fact that the seller is interested in possessing a legally enforceable document to evidence the credit transaction is a deterrent against his resorting to black-market activities. Credit and sales transactions in the items covered by regulations W and X also are comparatively easy to trace.

By dampening long-term debt commitments of purchasers during an inflationary period, consumer credit controls tend to have the

effect of deferring prospective purchasers' credit for use of credit as a means of increasing effective demand and encouraging an increase in production when the necessary materials are available.

HISTORY OF CONSUMER CREDIT CONTROLS

Consumer credit controls in one form or another were placed in use from September 1941 through October 1947, from September 1948 to June 1949, and again from September 18, 1950, to May 7, 1952. From a low of less than \$4 billion following the serious depression of 1932, consumer credit climbed to a high of slightly over \$10 billion in the fall of 1941. An immediate downtrend followed the imposition of regulation W in September 1941. It fell to a low of about \$5 billion in early 1944 and thereafter rose to something over \$11 billion in the fall of 1947, when regulation W was removed. Thereafter consumer credit climbed to just under \$15 billion when regulation W was reinvoled in the fall of 1948. Again consumer credit dipped while the regulation remained in effect and did not reach \$15 billion all during the period from September 1948 to June 1949. Thereafter it resumed a steady rise to about \$17 billion at the start of 1950, had its usual seasonal dip and then resumed its rise in strength, reaching about \$19 billion when regulation W was again invoked in September 1950. After a rise to \$20 billion at the start of 1951, consumer credit receded to the \$19 billion level during most of 1951 and reached about \$21 billion at the start of 1952. After regulation W was again removed in mid-1952, consumer credit increased steadily to more than \$23.5 billion in January 1953. After its usual seasonal decline, it stands at \$23.5 billion at the end of February 1953. It seems more than coincidence that during periods when regulation W was in effect, the total amount of consumer credit was held in check, but that during periods when regulation W has been lifted, the amount of consumer credit has increased substantially. Throughout these periods, consumer installment credit has followed the same general pattern.

ABILITY TO TAKE PROMPT ACTION

Of the components comprising consumer credit, installment credit is the most volatile. Prompt action is required to control installment credit and real-estate construction credit effectively. The Federal Reserve System already has in its kit of indirect controls several types which it may use flexibly when deemed necessary. These include such matters as member bank reserve requirements, discount and rediscount rates, margins on stock exchanges, and open market operations. Your committee is of the opinion that during the life of this bill, authority to control consumer credit and real-estate construction credit should be added to that kit, in order that it may be available for immediate use when and if required.

REASONS FOR REAL-ESTATE CONSTRUCTION CREDIT CONTROL

Real-estate construction credit control dampens effective demand in the same general way as do consumer credit controls, and follows the same economic pattern as the latter. Although the number of transactions may be smaller, the dollar volume involved is larger than in the field of consumer credit. Nonfarm mortgage debt outstanding exceeded \$83 billion at the end of 1952. Real-estate construction

credit volatility is shown by the rapid increase in commitments for credit in this field just prior to issuance of regulation X and similar credit restraints. First issued in October 1950, regulation X remained in effect until September 16, 1952, when it was suspended because of mandatory provisions of the Defense Production Act of 1950, as amended. Effective the same date, the Housing and Home Finance Agency relaxed downpayment requirements on home loans aided or made by the Federal Government. Properly applied, real-estate construction credit controls (such as regulation X promulgated by the Board of Governors of the Federal Reserve System and the Housing and Home Finance Agency) can go far toward conserving materials and manpower required for defense needs, as well as holding down the increase which could otherwise occur in mortgage debt on new housing during an inflationary period.

From an alltime high of 1.4 million in 1950 housing starts declined 1.1 million in 1951 and remained at about that level through 1952. This represented a 20-percent reduction in such starts during the time regulation X and other housing credit restraints were in effect. To the extent these controls are made effective, they substitute for the more difficult administrative task of rationing construction materials.

EXCLUSION OF EXISTING CONSTRUCTION

Your committee did not deem it necessary to include in its grant of standby real-estate credit-control authority the power to control credit on existing real-estate improvements. Scope of the controls is therefore limited to structures the construction of which is begun after any controls are invoked against real-estate construction credit under this title as revised. Its reasons for excluding existing construction follow.

New mortgage debt, in itself, incurred with reference to existing housing does not divert any materials or construction manpower from defense needs. Liberal credit terms for the purchase of existing housing are not readily extended by private lending institutions. This fact contributes to control of inflationary tendencies which might otherwise develop in this field. Moreover, the proceeds of credit on existing housing are usually used to create capital gains for the seller of the house which are more apt to be saved than to enter the stream of spending. The same is not true of credit extended for the construction of new housing.

FLEXIBILITY IN REAL ESTATE CONSTRUCTION CREDIT

It is the intent of your committee that, should it become necessary to invoke controls on real-estate construction credit, they should be administered with flexibility in order to attain the purposes for which such controls are granted in this bill.

GENERAL PROVISIONS

(Pp. 20 to 23 of bill—Amends title VII of Defense Production Act)

This title is extended for a period of 2 years with certain amendments. It contains the general housekeeping provisions that are necessary for the operation of the other titles of the act. It also contains certain provisions for the benefit of small business.

ENCOURAGEMENT OF SMALL BUSINESS ENTERPRISES

Section 9: Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

Whenever the President invokes the powers given him in this Act to control the general distribution of any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953, and having due regard to periodic changes in the current competitive position of established business: *Provided*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: *Provided further*, That if the President continues or reimposes controls after June 30, 1953, on the general distribution in the civilian market of any materials subject to such controls on June 30, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations.

This section is amended so that its language is in conformity with the language of the new subsection 101 (b) which is added by this bill to title I. The base date for determining the share received by business of allocated materials was amended from "a representative period preceding June 24, 1950," to "normal conditions during a representative period following June 30, 1953." The requirement that new concerns be given fair consideration in fixing allocations is retained in this subsection and there is added a further requirement that newly acquired operations should be taken into consideration in fixing a fair share of allocated materials. In the change of the base date to a representative period following June 30, 1953, it is felt that due regard must be given to those few industries which are operating with materials that will still be allocated on June 30, 1953, and for an unknown period thereafter. Normal conditions in such industries would be difficult to determine, using only the period after June 30, 1953, as a base; therefore, the following provision is added to this subsection:

Provided further, That if the President continues or reimposes controls after June 30, 1953, on the general distribution in the civilian market of any materials subject to such controls on June 30, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations.

DEFINITIONS

Section 10: Section 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

The term "national defense" means the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with foreign economic or military assistance programs.

This amendment is necessitated by the fact that the definition of "national defense" as appearing in the act mentioned specifically the Mutual Defense Assistance Act of 1949, but no related statutes.

Since the original enactment of the Defense Production Act other legislation in this field has been enacted, and it is believed that this new definition should be inserted to clarify this portion of the definition.

SMALL DEFENSE PLANTS ADMINISTRATION

Section 11 (a): Subsection (a) of section 714 is amended by adding at the end of the definition of a small-business concern the following: "including producers of strategic and critical minerals and metals." Producers of strategic and critical minerals and metals experienced difficulty in having themselves certified as small-business concerns. This language is added to show the intent that if a producer of strategic and critical minerals and metals meets the criteria established in this subsection defining "small business," then such producer should be certified upon application as a small business.

(b) Paragraph 4 of subsection (a) of section 714 is amended so that the life of the Small Defense Plants Administration was extended until June 30, 1955. The Small Defense Plants Administration is an independent, unaffiliated Federal agency, which was created by Congress to help solve the many problems confronting small business in a mobilization economy, and to assure effective use of its capacity. Our conception of a free enterprise, competitive economy requires that small business be an integral, effective, and dynamic part. The broadening of our industrial base which is one of the primary purposes of the Defense Production Act requires that effective use be made of the small businesses of this Nation in our mobilization efforts.

Small plants need assistance in getting credit, equipment, and supplies. It must be given opportunity to share in Government procurement. Small business needs assistance in overcoming the disadvantages it faces in competing for defense contracts with large business.

The Small Defense Plants Administration has handled more than 100,000 requests for advice and assistance. Upon its recommendation the Reconstruction Finance Corporation has granted a total of more than \$44 million in loans to 347 small firms. In the field of procurement, more than \$400 million in defense orders has been set aside for small plants.

The period of most rapid growth of the mobilization program has been reached, and we are apparently now at a high plateau of overall defense expenditures. Small business must be assisted in receiving its fair share of military procurement during this period.

It is the opinion of your committee that the Small Defense Plants Administration should be continued during the life of the Defense Production Act. It was brought out during the hearings that certain studies are now being made within the executive branch of the Government which may lead to specific organizational recommendations concerning the functions of agencies of the Government which devote consideration to the problems of small business. These recommendations when received will certainly be given every consideration by the Congress and it well may be that legislation will be enacted at a later date changing the status of the Small Defense Plants Administration. However, until such time as Congress receives the recommendations of the administration in this field and considers these recommendations, your committee feels that the Small Defense Plants Administration should be continued.

Section 12: Paragraph 3 of subsection (f) of section 714, requires that, when materials are allocated by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. It is amended by adding after the word "allocated" the words "in the civilian market." This amendment is made necessary because of the addition of subsection 101 (b) of title I, which restricts the power of the President to allocate in the civilian market except under unusual circumstances. Without this amendment this subsection would have been inconsistent with subsection 101 (b). It would have required allocations in the civilian market to small plants whenever there were allocations to the military even though there was no requirement for allocations in the civilian market.

Section 13: Paragraph 4 of subsection (f) of section 714 is repealed. This subsection is repealed because it is almost identical to and had the same objective as subsection 701 (c) of this act. Section 701 (c) is amended so that it includes all of the provisions of this subsection and, therefore, there is no necessity of retaining this subsection in the language of the act.

TERMINATION DATES

Section 14: Subsection (a) of section 717 of the Defense Production Act is amended so that titles I, III, VI, VII, and VIII of the act are extended until the close of June 30, 1955. However, if within a 90-day period of June 30, 1955, the President exercises his freeze authority over prices, wages, and residential rents the authority of these titles would continue until the expiration of the 90 days.

Title II, which contained authority to requisition and condemn, and titles IV and V, which contained the price and wage provisions of the Defense Production Act of 1950, as amended, terminate at the close of April 30, 1953.

Section 15: Subsection (c) of section 717 is amended so that V-loans may be made to help accomplish orderly liquidation and aid to borrowers in reconversion to civilian production despite termination of the act. At the time of reconversion from defense to civilian production, borrowers might stand more in need of financial assistance than at any other time. It was never intended that the maturity date of a V-loan should coincide with the termination date of the act. Of course, no V-loans may be made after the termination of the title granting such authority, but the maturity date of such loans may extend beyond such termination date.

TEMPORARY EMERGENCY PRICE, WAGE, AND RENT CEILINGS

(Pp. 23-26 of bill—New title VIII of Defense Production Act)

NEW APPROACH

Section 16: This is a new title. It constitutes a new approach to the problem of direct controls.

In the past the traditional legislative approach has been predicated solely upon the proposition that, at the moment of legislative consideration, the economic health of the Nation did or did not require Presidential authority to impose controls. If, after careful considera-

tion, it was determined that the international situation and internal economy required the imposition of such controls, Executive authority was voted.

Uniformly, it is recognized that the present world situation contains the germ of a grave national emergency. Such emergency could arise suddenly and would necessarily demand the immediate imposition of some form of direct controls.

Your committee does not believe that we should studiously ignore the subject of direct controls until such a national emergency arises. Your committee subscribes to the proposition that economic preparedness is as wise as military preparedness. Moreover, if we prepare ourselves adequately now by suitable legislation, we may do most to prevent the very situation we fear.

In the opinion of your committee a standby freeze authority on the statute books will have a stabilizing effect on the domestic economy generally and a salutary effect on the purchasing public.

Your committee believes firmly that direct controls are not now needed. It feels just as firmly, however, that this is the ideal time for Congress to legislate on the subject of standby controls, free as it is from the stress, strain, and tensions of a dislocated economy.

Spokesmen for the administration testified that if the Congress in its wisdom decided to pass a 90-day price, wage, and residential rent freeze bill, it would be acceptable to the administration. Request was made, however, that any such bill be general in nature and flexible. This title satisfies that request.

During the hearings it was made abundantly clear that the authority granted by this title is drastic in character and, if exercised, would be far-reaching in its effects. Such authority is not to be held lightly and is to be used only in the event of a grave national emergency which constitutes an imminent threat to our national security and economic stability. Your committee has implicit confidence that the President will hold this trust inviolate.

AUTHORITY TO FREEZE

Section 801 (a) authorizes and directs the President, whenever he finds and declares that a grave national emergency exists, and that the exercise of such authority is necessary in the interest of national security and economic stability, to establish simultaneously by Executive order ceilings for a period not to exceed 90 days on (1) the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of materials and services, (2) wages, salaries, and other compensation paid or received with respect to employment, and (3) rents paid or received for the use or occupancy of housing accommodations.

Your committee wishes to emphasize that the condition precedent to the exercise of the freeze authority is the finding by the President that a grave national emergency exists and that the exercise of such authority is necessary in the interest of national security and economic stability.

This title makes it mandatory, in the event a freeze order is issued by the President, that ceilings be imposed simultaneously across the board on all three categories, viz, prices, wages, and residential rents.

Your committee believes that in the event a grave national emergency arises, necessitating the exercise of the freeze authority, all categories must be frozen, since to freeze prices and to exempt wages and residential rents or to freeze prices and wages and to exempt residential rents would fail to effectuate the purposes of this title which are to prevent the disastrous effects of vicious, spiraling inflation.

Three criteria are set forth for use in establishing the base date for ceilings when the freeze is imposed. Such base date may be: (1) The levels prevailing as of the close of the business day preceding the day on which action is taken. It is presumed that the President will utilize generally the levels prevailing on the day preceding the freeze. However, in the event the President does not consider such levels fair and equitable, an alternate method is provided. (2) The levels prevailing on any day during the preceding 30 days which in the judgment of the President are generally representative. This alternate is provided because some prices, wages, and residential rents may be distorted, either up or down, on the day before the freeze is invoked. If the President should so find, he is authorized under such circumstances to select a date during the preceding 30-day period which he considers representative and as being fair and equitable. The date selected may vary as to category and as to services or things within a given category. (3) If no levels prevailed during the 30-day period, the President may select those prevailing on the nearest date on which in the judgment of the President they are generally representative. This alternate is to enable the President to establish representative, fair, and equitable ceilings for those commodities, which because of their nature or seasonable character were not marketed during the preceding 30-day period.

Provision is made that all ceilings established under the title terminate 90 days after the issuance of any freeze order, or at such earlier time as the Congress may by law or concurrent resolution provide. The authority to freeze may be used once only.

EXEMPTIONS, SUSPENSIONS, AND ADJUSTMENTS

Section 801 (b): The President may provide exemptions from, suspensions of, or adjustments to ceilings if he finds (1) such exemption, suspension, or adjustment is necessary for national defense, or (2) the imposition or maintenance of such ceilings would be impracticable or unnecessary to effectuate the purposes of the title.

The purpose of this subsection is to enable the President to exempt, suspend, or adjust ceilings in appropriate cases. However, before exercising the authority to exempt, suspend, or adjust ceilings, the President must find that such exemption, suspension, or adjustment is necessary in the interest of national defense, or that to impose or maintain such ceilings is impracticable or unnecessary in the interest of national security and economic stability.

Your committee is aware that it is impractical to freeze some categories of our economy. Historically, certain categories such as newspapers and other informational media and public utilities regulated by Federal, State, or local authority have been exempted from controls. It was considered to be impractical to write specific exemptions into this title because it is impossible to foresee the exact conditions which may exist at the time the 90-day freeze may be imposed.

However, wide latitude to exempt, suspend, or adjust is granted to the President.

Your committee listened with great interest to the testimony of witnesses whose experience and understanding in the realm of mobilization, both during World War II and Korea, probably is unparalleled in this country. It was their recommendation that a freeze to be effective must be absolute and across the board without exemption. Your committee concurs with this view, in the main, but not wishing to tie the hands of the President, provided the President with the flexibility he requested. However, your committee has every confidence that the President will not use the authority lightly to exempt or suspend during the 90 days while the Congress is considering appropriate legislation.

OTHER PROVISIONS

Rules and regulations

Section 802: The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of the title, including orders controlling evictions.

Violations

Section 803 (a): It is made unlawful for any person to sell or deliver or buy or receive any material or service, or demand or receive rents, or for any employer to pay or any employee to receive compensation, in contravention of any regulation or order promulgated under this title. The President is authorized to impose administrative sanctions for violations, such as denial of tax benefits.

Penalties

Section 803 (b): The criminal penalty for willful violation, upon conviction, is a fine of \$10,000 or 1-year imprisonment, or both.

Involuntary servitude prohibited

Section 804: This section is designed to prevent involuntary servitude by providing that no person shall be required to sell any material or service, or to offer any housing accommodations for rent, or to perform personal services.

Definitions

Section 805: Defines the terms "rent" and "housing accommodations."

Effective date

Section 806: This title becomes effective on May 1, 1953.

FEDERAL RENT CONTROL

(Pp. 27-30 of bill—Amends Housing and Rent Act of 1947)

VETERANS' PREFERENCE IN SALE OR RENTAL

Section 17 of the bill continues until April 30, 1954, the veterans' preferences for sale or rental of residential housing presently provided by section 4 of the Housing and Rent Act of 1947, as amended. It also extends these preferences to all veterans of the Korean conflict and their families. Under the provisions of subsection (f) of section 4, any parent of a member of the Armed Forces of the United States who lost his life in the armed service during the Korean conflict was already entitled to the veterans' preferences provided by section 4.

Your committee is of the opinion that while conditions exist which justify the continuation of Federal rent controls, sufficient reason also exists to safeguard the opportunity for a veteran to obtain Federal statutory aid in obtaining shelter for himself and his family. In many instances, the veteran was in the service of his country when others obtained the benefit of residential accommodations having rents limited by Federal rent controls. Section 4 merely gives him first chance at renting or purchasing housing accommodations completed after June 30, 1947. Except in critical defense housing areas, these accommodations have been outside the scope of Federal rent controls since enactment of the Housing and Rent Act of 1947.

EXTENSION OF WORLD WAR II RENT CONTROL

Section 18 (a) of the bill ends Federal rent control on September 30, 1953, in all except critical defense housing areas. Areas to which this September 30, 1953, termination date applies include only those in which local governing bodies chose last September to continue Federal rent controls until April 30, 1953. These include about 4.3 million dwelling units under Federal rent control of the World War II type.

DECLARATION OF POLICY

As enacted in 1947, the Housing and Rent Act contained a declaration of policy reaffirming the congressional declaration in 1946 "that unnecessary or unduly prolonged controls over rents would be inconsistent with the return to a peacetime economy" and stating it to be the purpose of the Congress "to terminate at the earliest practicable date all Federal restrictions on rents on housing accommodations." Each year since then, the Congress has continued in effect that declaration of policy. Your committee now believes that by September 30, 1953, the time for decontrol will have arrived in all except critical defense housing areas.

ADMINISTRATION RECOMMENDATION

In his state of the Union message, the President said:

I recommend the continuance of the authority for Federal control over rents in those communities in which serious housing shortages exist. These are chiefly the so-called defense areas. In these and all areas, the Federal Government should withdraw from the control of rents as soon as practicable. But before they are removed entirely, each legislature should have full opportunity to take over, within its own State, responsibility for this function.

This provision accords with the recommendation of the President in his state of the Union message, as construed by the Director of the Office of Defense Mobilization in testimony given your committee. He emphasized that the key sentence in the portion of the President's message dealing with Federal rent controls was the one which said that in all areas the Federal Government should withdraw from the control of rents as soon as practicable. He noted, however, that at the same time the President believes that before rent controls are removed entirely, each State legislature should have full opportunity to take over within its own State responsibility for this function.

In adopting the administration's recommendation on rent-control extension, your committee noted the evidence that about 1,400 communities with some 4,300,000 controlled dwelling units by local

action had certified to the existence of housing shortages necessitating Federal rent control. Your committee's discussion also emphasized the practical difficulty of securing prompt State legislative action in view of the under-representation in most State legislatures of the city areas suffering the greatest housing shortages.

Of the 32 States still having areas under World War II Federal rent control, however, all but 2 have sessions which convened in January 1953 and were still in session at the time of delivery of the President's state of the Union message. The remaining 2 States have World War II Federal rent controls in only 10 towns and 1 city. Under these circumstances, coupled with repeated opportunities that State legislatures have had since enactment of the Housing and Rent Act of 1947, to decide on State rent control prior to its scheduled expiration, your committee believes that a September 30, 1953, expiration date will afford the States ample opportunity to take action on State rent controls if they wish to do so.

EXTENSION OF RENT CONTROL IN CRITICAL AREAS

Section 18 (a) of the bill provides that Federal rent control may continue until April 30, 1954, in areas classified as critical defense housing areas before enactment of this bill, provided they are reviewed before September 30, 1953, and found to meet the new criteria set forth in the bill for critical defense housing areas. Areas certified as critical defense housing areas after the enactment of this bill must meet the new criteria for such areas. Federal rent control may also continue in such areas until April 30, 1954.

SCOPE OF EXTENSION

The foregoing sets the limits of areas in which Federal rent control can extend beyond April 30, 1953. Such control is not to be imposed in any area unless Federal rent control was in effect in such area on April 30, 1953, or unless it qualifies as a critical defense housing area under the act.

It is the opinion of your committee that where, as in critical defense housing areas, the imbalance in supply of and demand for rental housing is caused by action of the Federal Government, reason exists for Federal rent controls until the imbalance so caused is corrected by an increase in the supply of rental housing or a decrease in the demand for such housing.

DECONTROL—LOCAL OPTION, PRESIDENT, CONGRESS

As to any area under Federal rent control, whether a critical defense housing area or other than such an area, the local option decontrol provisions of section 204 (i) remain in full force and effect.

Section 18 (b) of the bill assures that Federal rent control in all areas may also be terminated by Presidential proclamation or by concurrent resolution of the Congress, if no emergency requires continuance of Federal rent control.

PRESERVATION OF RIGHTS AND LIABILITIES

Section 18 (c) of the bill preserves, after termination of title II of the Housing and Rent Act of 1947, as amended, the validity of the

Federal rent control provisions, regulations, orders, and requirements for the purpose of litigation as to rights or liabilities which come into being before such termination.

BASE DATE—LOCAL OPTION AREAS

Section 19 (a) of the bill changes the base dates for computing rent ceilings in section 204 (k) of the Housing and Rent Act from May 24–June 24, 1950, to March 1–April 1, 1953. This change was made merely to conform with the decision to make the same change in base dates for computing rent ceilings in critical defense housing areas under section 204 (l) of the act. Actually the change in subsection (k) would affect only those areas which chose to come under Federal rent controls by the particular local option method set forth in that subsection. It is your committee's understanding that as of the date of this report, no areas are in that status.

BASE DATES—CRITICAL AREAS

Section 19 (b) of the bill is the provision which amends the base dates in critical defense housing areas, as above noted. Your committee is of the opinion that rent ceilings in critical defense housing areas now under Federal rent control should be reexamined and brought into line with the new base dates. In continuing the possibility of Federal rent controls in critical defense housing areas for another year beyond April 30, 1953, your committee believes a more current base for computing rent ceilings should be used than that which appears in the act as amended in 1952.

NEW DEFINITION—CRITICAL DEFENSE HOUSING AREA

Section 20 of the bill redefines critical defense housing area. Under the redefinition no area can qualify as such unless all the following conditions exist in the area:

1. A new military, Atomic Energy Commission, or other Federal Government installation has been or is to be provided, or an existing installation of one of those types has been or is to be reactivated or its operation substantially expanded;
2. Substantial in-migration of defense workers or military personnel is required to carry out activities at such installation; and
3. A substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such installation.

It will be noted that defense plants have been deleted from the types of installations which can qualify an area as a critical defense-housing area. The Acting Director of the Office of Defense Mobilization requested such a change in criteria on the theory that with the relinquishment of most material controls, the larger number of "defense plants" will be producing for the civilian economy to a far greater extent than they are for defense. In such areas if a need for continued rent control is felt, it should be sought from State or local governments.

It should be noted that the type of Government installation intended to be covered by reference to "Government installation" in the new

criteria is one closely related to the military program, such as a shipyard, an air depot, an ordnance depot, or an arsenal. The Director so testified before your committee, adding that primary emphasis should be placed on the activation or reactivation of a military base or an Atomic Energy Commission facility. Your committee agrees with this interpretation.

CONSTANT REVIEW

Even as to those areas recertified or newly certified as critical defense housing areas, there should be a constant review to see that they continue to meet the criteria for such an area, as recognized by the Acting Director in his testimony. At present about 1.3 million dwelling units are under Federal rent control in critical defense housing areas.

RENT CEILING INCREASE

Section 21 amends section 204 (o) of the Housing and Rent Act of 1947, as amended, to increase to 130 percent from 120 percent the percentage used in determining the extent to which all maximum rents in effect on the date of enactment of this bill may be increased upon sworn application by the landlord. The 130 percent applies to a base as follows:

The maximum rent for the particular housing accommodation in effect on June 30, 1947 (or if none was then in effect, the maximum rent then in effect for comparable housing accommodations), plus any increase allowed or allowable under the Act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under the Act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance.

The increase under this subsection is to be effective from the date of filing of the sworn application. The subsection does not require any reduction of maximum rents existing on the date of enactment of this bill. Neither does it prohibit additional adjustments for increases in costs and prices as authorized.

Your committee believes such a provision is justified because of increases in costs and prices since the enactment of section 204 (o) in 1951. The purpose of this Federal rent control law is not to prevent normal increases in rent but only to forestall excessive increases. The landlord's dollar has no greater purchasing power than a dollar in the hands of any other person. This fact must be kept in mind in the administration of the Federal rent control law.

PROTEST AND APPEAL

Section 22 preserves for aggrieved parties the right to protest, appeal to the Emergency Court of Appeals, and petition the United States Supreme Court for a writ of certiorari on rent-control regulations or orders. These provisions formerly appeared in sections 407 and 408 of title IV of the Defense Production Act of 1950, as amended, which under the terms of the bill will expire on April 30, 1953.

ADMINISTRATION

Section 23 allows the President to administer Federal rent controls through such officer or agency of the Federal Government as he may

designate. Section 208 of the Housing and Rent Act of 1947, as amended, which section 23 of this bill amends, required the President to administer Federal rent control through "the new independent agency created pursuant to section 403 of the Defense Production Act of 1950." Since section 403 will cease to be in effect after April 30, 1953, under the provisions of this bill, your committee deemed it advisable to remove any doubt which might have resulted as to the power of the President to designate an officer or agency to administer Federal rent control.

BUILDING OUR MOBILIZATION BASE

As a Nation we have had the choice of fully preparing ourselves for war by diverting the necessary industrial power, resources, and manpower for military purposes, or building up our industrial potential, so that if war came, it could be quickly mobilized toward that end. It was the choice of whether we should become, for all practical purposes, a garrison state, or continue as a free society which would plan and act wisely, judiciously, and democratically for the proper development of our resources, and take only those steps required for their mobilization in the event of war.

There are, to be sure, risks involved in following the latter course, but they are risks a free people must take. As President Eisenhower said in his state of the Union message, "the great economic strength of our democracy has developed in an atmosphere of freedom." We have adhered to this philosophy of freedom and assumed the risks involved, with the result that economically and industrially we are stronger than we have ever been, but, more important, we are also strong morally.

It is with this approach and objective in mind that your committee originally recommended the Defense Production Act be enacted, and it is in keeping with this same philosophy that it now recommends that the plans and programs that have been developed under the Defense Production Act, as amended, be continued where necessary and be allowed to be completed.

Tremendous progress has been made since the Defense Production Act was originally passed in 1950 in carrying out the purpose set forth in the declaration of policy of the act "to develop and maintain whatever military and economic strength is found to be necessary to carry out * * * the policy of the United States to oppose acts of aggression and promote peace." And it has been accomplished, "within the framework," as was our intention, and the law so states, "of the American system of competitive enterprise." In completing the job that is still ahead, your committee gives its assurance that the provisions of this bill were designed with the same intent, as section 2 of the bill declares. It is the purpose of your committee in recommending that this bill be enacted that our mobilization program will reach such a successful level that Americans everywhere will feel more secure in the freedom which is theirs.

Almost every strategic metal and mineral necessary for building a war machine was in scarce supply during 1950, 1951, and 1952, and a complete system of priorities and allocation was required in connection with their production and distribution. During the hearings, those responsible for administering the program have testified that only five materials, columbium, cobalt, nickel, molybdenum,

and tungsten are in such short supply in terms of the current tremendous demand for them. It is still required that these five metals be allocated both for defense and civilian purposes.

While the military, atomic, and other Defense Department demands for steel, copper, and aluminum are still great, the supply has so increased that it should be sufficient to meet most demands. No longer will these materials require allocation among civilian users, but to insure an adequate and continuous supply for the Department of Defense and the Atomic Energy Commission the producers of these materials will simply reserve the necessary portions of their production for these purposes.

While the overall supply of electric power is adequate, according to Secretary of Interior McKay, it may be necessary to allocate power in specific regions in the country in which there may be insufficient power to permit carrying out essential defense activities, and allocation orders may well be needed to protect power supply for defense production uses.

It is largely through the program of planned expansion of our industrial might, facilitated by the program of defense production recommended by your committee, that our progress has been as successful as it has been. As a result we have reached a stage where, barring a sharp rise in our defense goals, the growth of the economy will from here on out permit an increasing output of civilian supplies at the same time that defense production schedules are maintained.

INCREASED PRODUCTION CAPACITY

Our steel capacity now stands at approximately 117.5 million ingot tons, whereas in 1950 it was at approximately 100 million tons, and by 1954 it is expected that the goal of 123 million tons will be achieved.

Aluminum capacity in 1950 was at a level of 750,000 tons and at the present time it is estimated to be 1,057,000 tons. By mid-1954 it is expected to be 100 percent above the 1950 level, or at capacity of 1.5 million tons.

Copper ore production in the United States, which accounted for about one-half of our total consumption was 909,000 tons in 1950. This year it is estimated that domestic production will reach 933,000 tons, and by 1955 it is estimated that it will reach 1,044,000 tons. The total copper supply from domestic ore, imports and scrap in 1950 was 2,042,000 tons. For this year it is estimated at 1,903,000 tons, and by 1955 it is estimated that the total supply will be 2,042,000, or the same as it was in 1950.

At the time of Korea, electric generating capacity amounted to 63 million kilowatts, and it now stands at 81 million. The goal for installed capacity at the end of 1955 is 116 million kilowatts.

Petroleum refining capacity has increased 6.8 million barrels per day from mid-1950 to over 7.8 million per day. All the other segments of the industry have expanded likewise. At the beginning of 1955 the capacity is estimated 8.2 million per day.

The supply situation of alloying metals has been a much more difficult problem, and it remains as a major problem. This is true, even though the administration has used extensively the various programs recommended by your committee to increase supplies from both foreign and domestic sources.

The following table showing the estimated supply from 1950 to 1955 of 5 of the scarce metals on which full allocation controls will be continued is, to be sure, encouraging.

	1950	1952	1953	1954	1955	Goal
Cobalt (million pounds)-----	10.0	16.8	19.6	20.3	19.8	27.0 in 1955.
Molybdenum (million pounds)---	28.5	42.0	50.9	61.7	62.4	70.0 in 1954.
Nickel (short tons)-----	101,000	120,150	131,500	137,950	141,050	190,000 in 1955.
Tungsten (million pounds)-----	9.0	23.8	27.0	30.2	32.0	40.0 in 1954.
Columbite ¹ (million pounds)-----	0.8	1.8	2.0	2.0	1.9	3.0 in 1954.

¹ Tantalite, 9 percent.

But the problems ahead, at least for the next 2 years will continue in most respects as they have been during the past 2 years—problems of increasing supply, building up stockpiles, and reducing consumption requirements. Much research and development of new sources of supply is being carried on, but progress is slow. The success in reducing the military and commercial requirements for these metals has been more than offset by the rapidity with which our technology in military equipment is moving toward higher speeds, higher temperatures, and greater force.

MILITARY REQUIREMENTS FOR CRITICAL MATERIALS

While your committee is very encouraged at the progress to date with the increased production and supply of the various scarce materials and sources of energy, it would like to point out that good as is our supply of steel, copper, and aluminum, the military and AEC programs alone will continue to take a sizable proportion of the total supply. In the event of war, the demand will greatly increase. For steel it is estimated that the military and the AEC programs in fiscal 1954 will take approximately 12 per cent.¹ In time of war the same programs would be expected to take more than half of the total supply. To this would be added a “war supporting” factor of transportation and industrial equipment which would further decrease civilian availabilities. Full controls would be essential.

For copper it is estimated that the military and AEC requirements during fiscal 1954 will approximate 23 percent of the total supply.¹ In wartime the demand would be 2 or 3 times as great and would require drastic curtailment of civilian usage.

Military and AEC requirements for aluminum are expected to be 22 percent of the total United States supply in fiscal 1954.¹ The war-time requirements are estimated at such a high level that the material is being stockpiled despite the fact that we produce virtually all our supply within our own borders. Civilian usage in time of war would necessarily be reduced to a stringent minimum, far below normal usage.

The fiscal 1954 estimated military and AEC requirements for the five metals, the supply of which will continue to be allocated for civilian as well as Department of Defense and AEC use are as follows:

	Percent		Percent
Cobalt-----	35	Nickel-----	46
Columbite-----	37	Tungsten-----	33
Molybdenum-----	22		

¹ Excluding stockpile requirements.

Many materials are being stockpiled because we are dependent for our supply upon foreign sources that might not be available in war. As to all such materials it is clear that estimated wartime requirements are, in total, expected to exceed the current supply. It follows that civilian usage of all these strategic and critical materials must be expected to be limited in greater or lesser degree by the requirements of war.

MILITARY CONSTRUCTION, EQUIPMENT, AND SUPPLIES

Military supplies, construction, and equipment are being delivered at the rate of about \$8 billion a quarter, or almost seven times what it was at Korea. There have been disappointing delays in the delivery of new equipment because of design and engineering difficulties. But a large and increasing number of items have reached sustaining rates.

The bottleneck in machine tools, which was severe in the early stages of defense mobilization, is now largely overcome—except for certain types of highly specialized tools which require a long time to produce and can be turned out by relatively few manufacturers. Shipment of machine tools have quadrupled since Korea. The backlog of orders, which reached a peak of 28 months' production in mid-1951, has now been worked down to 10 months.

There are many problems and difficulties of all sorts in connection with the design and production of the various military equipment and armament, but every statistic shows encouraging progress. No doubt, many errors of planning, design, production, and distribution are hidden by such overall statistics but they exist regardless of totals, and the greater the total supply, the less damage should these errors cause.

Since Korea the total deliveries of military equipment and construction totaled \$57 billion. \$72 billion worth are still in the pipeline—goods on order or for which funds are available.

THE EXPANSION PROGRAM

Much of what has been accomplished in our mobilization program has resulted from the programs provided for in title III of the Defense Production Act, which is continued in slightly amended form by this bill, and by the accelerated amortization program which your committee originally recommended be enacted as part of the Revenue Act of 1950, and in which program the Joint Committee on Defense Production has taken such an active interest.

Expansion goals were established for industries, and in many cases for individual products and processes—providing guides for granting Government aids to expansion in the form of financial incentives authorized in the act, and as guides for granting accelerated amortization certificates. Two hundred and six goals have been established to be attained generally by 1954 or 1955. Most of the goals were determined on the basis of requirements of the current partial mobilization program, although in some instances they were set on bases of full mobilization when estimates were available. Such goals are constantly subject to review and revision in the light of new developments—industrial, technical, and strategic.

According to the January report on defense mobilization about one-third of the goals under the expansion have either been accomplished or covered by construction in progress or definitely planned by industry. Another one-third are between 80-100 percent covered by projects completed, underway or planned, while most of the remaining one-third is between 40- and 80-percent covered. Approximately 10 percent of the goals are still less than one-half subscribed. Thus, we still have a tremendous task ahead, but the record achievement is a good indication that the goals should be met.

LOAN GUARANTIES

The so-called V-loan program provided for in section 301 of the Defense Production Act which is continued by this bill with the amendments described below was initially developed during World War II. At that time it was found that many firms could not qualify for defense contracts or subcontracts until they could demonstrate the necessary financing. Yet, they often could not obtain the necessary financing from the banks until they had first received the contracts or subcontracts. This vicious circle impeded production for national-security purposes and prevented the proper utilization of the facilities of small firms.

The program has been very helpful in enabling industry to make the large contribution it has to our defense effort. A very large percentage of the loans made under the program are for working-capital purposes.

The following tables summarize the Department of Defense guaranteed-loan program to February 28, 1953:

As of February 28, 1953	Department of Defense			Army		
	Number	Loan value	Amount of guaranty	Number	Loan value	Amount of guaranty
Applications received since July 1, 1950...	1,369	<i>Millions</i> \$2,155.2	<i>Millions</i> \$1,745.6	698	<i>Millions</i> \$831.9	<i>Millions</i> \$669.2
Applications authorized.....	1,184	2,084.9	1,680.9	594	793.4	635.1
Applications declined.....	165	46.3	41.9	95	28.8	25.5
Applications pending.....	20	24.0	22.8	9	9.7	8.6

As of February 28, 1953	Navy			Air Force		
	Number	Loan value	Amount of guaranty	Number	Loan value	Amount of guaranty
Applications received since July 1, 1950...	313	<i>Millions</i> \$456.9	<i>Millions</i> \$390.0	358	<i>Millions</i> \$866.4	<i>Millions</i> \$686.4
Applications authorized.....	272	445.6	379.3	318	845.9	666.5
Applications declined.....	38	9.9	9.5	32	7.6	6.9
Applications pending.....	3	1.4	1.2	8	12.9	13.0

Applications authorized, by size of loan

	Department of Defense			Army	Navy	Air Force
		Percent	Percent			
Applications authorized since July 1, 1950.	1, 184	100	-----	594	272	318
\$10,000 and under.....	10	1	-----	3	2	5
\$10,001 to \$25,000.....	35	3	-----	15	11	9
\$25,001 to \$50,000.....	72	6	-----	39	13	20
\$50,001 to \$100,000.....	143	12	22	75	33	35
\$100,001 to \$300,000.....	298	25	-----	154	71	73
\$300,001 to \$500,000.....	171	14	61	95	37	39
\$500,001 to \$1,000,000.....	166	14	75	87	41	38
\$1,000,001 to \$2,500,000.....	141	12	-----	69	23	44
\$2,500,001 to \$5,000,000.....	82	7	94	31	22	29
\$5,000,001 to \$10,000,000.....	32	3	-----	14	6	12
\$10,000,001 to \$15,000,000.....	11	1	-----	5	2	4
\$15,000,001 to \$50,000,000.....	21	2	-----	6	6	9
Over \$50,000,000.....	2	(1)	100	1	-----	1
Average percent guaranty authorized (by amount).....	Percent 80.6	-----	-----	Percent 80.0	Percent 85.1	Percent 78.8

¹ Less than ½ percent.

LOAN AND PURCHASE PROGRAM

Under the loan and purchase program provided for in sections 302, 303, and 304, approximately \$1,358,000 in loans have been certified as of December 31, 1952, out of the total authorized of \$2.1 million. Thus, there is approximately \$742,000 for further certification at this time. The loans in accordance with the act have been made for the following purposes: Direct loans; commitments to purchase metals, minerals, and certain other raw materials for Government use and resale; projects designed to encourage exploration, development, and mining of strategic and critical metals and minerals; installation of equipment; and other special projects of national interest, the authority for which is not in otherwise existing legislation.

Obligations are regarded as the probable ultimate net cost to the Government of the transactions involved. This is in accordance with the amendments to the Defense Production Act of 1951 which permitted commitments to exceed the total authorized borrowing authority of \$2.1 million, so long as the probable net cost to the Government of gross transactions consummated does not exceed this amount. In addition to financing the probable ultimate net cost to the Government, the borrowings are also used to finance working capital requirements for programs involving loans, advances to contractors, inventory purchases and resale and other recoverable expenditures. The following table summarizes the status of the borrowing authority as of December 31, 1952:

As of Dec. 31, 1952

[Thousands of dollars]

Total borrowing authority authorized by statute..... 2, 100, 000
 Less certification to date..... 1, 357, 540

	Total	Probable ultimate net cost	For working capital
To—			
Defense Materials Procurement Agency.....	916, 578	816, 578	100, 000
Reconstruction Finance Corporation.....	350, 703	1, 600	349, 103
Department of Interior.....	12, 049	12, 049	
Department of Agriculture.....	34, 311	34, 311	
Export-Import Bank of Washington.....	43, 899		43, 899
Total certified.....	1, 357, 540	864, 538	493, 002
Balance available for certification.....			742, 460

The following table summarizes the loans consummated through December 31, 1952, by the responsible executing agencies, and by type of assistance:

[Thousands of dollars]

	Borrowing authority certified to date			Transactions consummated	
	Total	Probable ultimate net cost	Working capital	Gross value of actual transactions consummated, cumulative to Dec. 31, 1952	Probable ultimate net cost to United States on actual transactions consummated, cumulative to Dec. 31, 1952
Summary by agency:					
Defense Materials Procurement Agency.....	916, 578	816, 578	100, 000	4, 981, 843	347, 337
Reconstruction Finance Corporation.....	350, 703	1, 600	349, 103	348, 547	204
Department of Interior.....	12, 049	12, 049		12, 049	12, 049
Department of Agriculture.....	34, 311	34, 311		63, 921	14, 840
Export-Import Bank of Washington.....	43, 899		43, 899	43, 899	
Total.....	1, 357, 540	864, 538	493, 002	5, 450, 259	374, 430
Summary by type of assistance:					
Purchase and resale.....				1, 387, 339	171, 333
Commitment to purchase.....				3, 526, 947	121, 476
Direct loans.....				415, 523	14, 840
Exploration, grants for, etc.....				12, 049	12, 049
Industrial installation.....				38, 913	27, 239
Other.....				69, 488	27, 493
Total.....				5, 450, 259	374, 430

The following table shows the emphasis of the loan program in the nine important programs:

Program	Gross value of actual transactions consummated, cumulative to Dec. 31, 1952		Probable ultimate net cost to United States on actual transactions consummated, cumulative to Dec. 31, 1952	
	Amount	Percent	Amount	Percent
	<i>Thousands of dollars</i>		<i>Thousands of dollars</i>	
Gross transactions.....	5,450,259	100.0	374,430	100.0
Manganese.....	313,037	5.8	35,125	9.4
Machine tools.....	1,412,137	25.9	29,894	8.0
Chrome.....	55,107	1.0	26,939	7.2
Nickel.....	186,738	3.4	26,040	6.9
Copper.....	773,671	14.2	33,633	9.0
Tungsten.....	167,440	3.1	22,126	5.9
Petroleum and petroleum products.....	7,187	.1		
Machinery and components.....	16,975	.3		
Aluminum.....	788,495	14.5	19,915	5.3
Other.....	1,729,472	31.7	180,755	48.3

ACCELERATED TAX AMORTIZATION

Your committee in recommending the enactment of the Defense Production Act recommended that the responsible committees give favorable consideration to including a provision in the Revenue Act of 1950, which would permit the portion of a facility attributable to the defense program, after allowing for postemergency usefulness, to be written off for tax purposes over 5 years instead of the normal depreciation period. Such a provision, commonly referred to as the accelerated amortization program, was included in the Internal Revenue Act of 1950 and it has contributed enormously to the expansion of our industrial and defense capacity. Your committee has observed its operation and activities since it has been initiated and have had officials administering the program before your committee and the Joint Committee on Defense Production on numerous occasions. The program has been operated by the Office of Defense Mobilization as an integral part of the defense mobilization program, as was intended.

The program has been utilized in achieving the goals set up in the expansion programs referred to above. A total of 16,200 projects with a value of \$26.5 billion have been granted tax amortization certificates, permitting an accelerated write-off of \$15.6 billion.

An estimated 35 percent of these projects are complete, and the bulk of the remainder will be complete within the next year. Despite the fact that the number of applications for accelerated tax amortization handled during the past 6 months has remained at a consistently high level, there are several unfilled expansion goals and a continuing need for specialized military and atomic energy production facilities at the prime and subcontract levels. The recalculation of full mobilization requirements which is now well under way will ultimately result in the revision of many expansion goals. This in turn will result in new applications for accelerated tax amortization, as well as applications for other types of assistance provided for by the Defense Production Act.

The staff of the Joint Committee on Defense Production is presently reviewing the tax amortization program, and, according to their preliminary studies, 6,705 certificates were issued to small-business concerns out of a total of 15,479 as of February 25, 1953. The amount certified, however, amounted to \$2.5 billion out of \$24 billion or approximately 10 percent.

SUMMARY

Your committee is satisfied that with the bill as recommended, it has discharged its responsibilities to insure, not only that our Nation should be strong militarily, but that it be strong industrially and economically. If our Nation and its people achieve such material strength, your committee is confident that the basic strength of our Nation—its moral, spiritual and social strength—will be without equal in the world.

CHANGES IN EXISTING LAW

Because of the extensive text and the numerous details and changes that would have to be shown, it is your committee's opinion that it would expedite the work of the Senate to dispense with the requirements of the Cordon rule. Moreover, the report reflects where changes have been made in the two laws amended by this bill, namely, the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended.

MINORITY VIEWS OF MR. BRICKER, MR. BENNETT, AND MR. GOLDWATER

INTRODUCTION

S. 1081, which has been favorably reported by the majority with amendments, is as curious a bill as is likely to be presented to the Senate during this Congress. It is a bill that scarcely anybody wants. It embodies standby-control provisions for which the President did not ask. It embodies a philosophy counter to the views expressed by the President in his inaugural address. It contains conclusions opposite to the great weight of testimony during the hearings. If enacted into law, it would embed an economic fallacy into the functioning of the American economy for the life of the legislation.

The announced purpose of standby-controls legislation at the time hearings on S. 1081 began was to provide a remedy for a sudden surge of inflationary pressures in the event of a national emergency in the nature of catastrophe or all-out war. The bill recommended by the majority proposes nothing that can effectively attack inflation. On the contrary, it provides for the kind of harassment of business against which voters of the Nation registered such a strong protest in the last election. For reasons to be detailed hereafter, we disagree with the majority of your committee that S. 1081 as amended should be favorably reported.

FREEZE-RENTS-CREDIT CONTROLS

Our greatest dissatisfaction is with three sets of provisions in the bill. The first would grant the President standby authority to invoke a 90-day freeze on prices, wages, and residential rents. The second would continue until September 30, 1953, World War II Federal rent controls in areas other than critical defense housing areas. The third would permit the Board of Governors of the Federal Reserve System to reimpose consumer-credit controls and the President to reimpose real-estate construction credit controls.

PRICE, WAGE, AND RENT FREEZE

Section 16 of the bill would add a new title VIII to the Defense Production Act of 1950.

This title would direct the President to impose ceilings on prices, wages, and residential rents whenever he finds that a grave national emergency exists and that such controls are necessary in the interest of national security and economic stability. To us this approach to the problems of inflation is like giving aspirin to a man with appendicitis. It merely deadens pain without touching the cause, meanwhile leaving the malady to worsen.

NEED FOR FISCAL AND MONETARY MEASURES

We are as concerned with the ill effects of inflation as the majority. However, we prefer to reach the real causes of inflation by applying fiscal and monetary remedies that can insure economic stability for the Nation. Indeed, fiscal and monetary measures, if timely and properly applied, will relieve incipient inflationary pressures before they reach a level dangerous to the economy.

CONTROL THREAT—LACK OF STANDARDS

If enacted into law, this bill would put the Nation for 2 years under the threat of overnight imposition of price, wage, and rent ceilings. Such ceilings could be imposed upon a simple finding that a "grave national emergency" exists requiring a freeze in the interest of national security and economic stability. What standards would underlie such a finding? None are provided in the bill.

This Nation has been in an emergency of one sort or another throughout the past two decades. How many, similar to these, would qualify as "grave national emergencies"? During the hearings on S. 1081, references were made to possible atomic bombings of the United States and to the start of world war III. However, the bill itself fails to define what is to constitute a grave national emergency. From a practical standpoint, therefore, the bill would amount to a grant of power to invoke the freeze whenever bureaucratic advisers in the executive department could persuade the President to make the required finding.

UNSTABILIZING EFFECT

Such a situation would hurt the national welfare. It would have an unstabilizing effect on the daily activities of every worker, farmer, businessman, and landlord. Each would have to keep a weather eye to the possibility of a price, wage, and rent freeze at any moment. None would have the usual opportunity to present his views to the Congress before imposition of drastic economic controls.

CONGRESS CAN ACT SWIFTLY

When there is true need for haste, the Congress can move swiftly. If the Chief Executive foresees an emergency requiring the use of powers which depend upon additional legislation, he can at any time communicate his problem to the Congress. That body will then enact such legislation as it believes to be in the national interest.

We believe that Congress can act with sufficient dispatch to carry its constitutional responsibility. If a freeze is desirable, Congress can produce it with a speed consistent with the importance of the emergency. If Congress creates the freeze, then Congress will write the legislation to take effect at the end of the freeze period. If the President creates the freeze under the powers given by this act, he can also set the pattern for the succeeding legislation, and Congress will have little opportunity to do more than ratify the Presidential edict. Freeze authority would save no time. Congress can enact such legislation as it deems necessary long before administrative price- and wage-control machinery can be perfected.

NO ADMINISTRATION REQUEST

The President has requested no legislation such as that proposed in title VIII. As noted in testimony given your committee by the Acting Director of the Office of Defense Mobilization, the President stated in his state of the Union message that he would not ask for an extension of the authority to use direct controls over the economy for the purpose of price and wage stabilization. The Acting Director went on to say:

We do not favor the enactment of a detailed law providing for standby price and wage controls (Hearings on Standby Economic Controls, pt. 4, p. 1311).

As to the 90-day freeze proposal, he stated:

Consistent with the President's desire to free the economy of controls we hope that the Congress will decide that, in the event of an emergency situation, it could move rapidly enough in providing authority for a freeze to deal with the problem in an adequate manner (Hearings on Standby Economic Controls, pt. 4, p. 1312).

Only if the Congress should arrive at the contrary conclusion was the Acting Director authorized to state that a bill containing a provision giving authority to the President to impose a freeze on prices and wages would be acceptable. He disclosed the rapidity of congressional action he had in mind was enactment of a freeze bill in 10 days with use of a base date for the freeze predating consideration of the legislation by the Congress. He also stated:

On the freeze bill, it is our hope that the Congress would decide it could move fast (Hearings on Standby Economic Controls, pt. 4, p. 1317).

We do not agree that the Congress cannot enact the type of bill discussed by the Acting Director within 10 days—when and if needed.

FREEZE AUTHORITY NOT STABILIZING

We deny the claim that passage of title VIII would have a soothing psychological effect on inflationary pressures. Data submitted to your committee by the Office of Price Stabilization in 1951 show that from the outbreak of the Korean conflict on June 25, 1950, until the Defense Production Act became law on September 8, 1950, all items in the Consumers' Price Index rose 2.6 index points (from 101.2 to 103.8, using January 1950 as a base equaling 100). But from the date of passage of the act until controls were imposed by the general ceiling price regulation on January 25, 1951, all items in the Consumers' Price Index advanced 5.5 additional index points (from 103.8 to 109.3). In other words, prices rose more than twice as much after the control legislation was on the statute books in standby form.

PRICES DECLINED REGARDLESS OF CONTROLS

Neither can the decline of prices which followed imposition of price controls be proved to be due to such controls. If controls were holding the prices from going higher, the wholesale price index graph should show a horizontal line at ceiling levels. Instead it shows a sizable drop below ceiling levels. Continuing controls under such conditions resulted in additional expenses of doing business, necessitated by reporting and auditing requirements directed at keeping prices from pushing through a ceiling below which they were con-

stantly dropping. Final removal of price and wage controls has resulted in no general or significant increase in either prices or wages despite the forecasts of alarmists.

Unpegging the support prices for Government obligations and similar indirect controls, accompanied by increases in productive output, are entitled to more credit for recent declining prices than price and wage controls

FREEZE INEQUITABLE OR INEFFECTIVE

Proponents of title VIII hail it as a measure which will stop all price, wage, and rent rises in their tracks as soon as applied. Yet a cursory examination of title VIII shows that instead of being a solid lid on a boiling pot to keep the steam of inflationary pressure from rising, it is more like a sieve. Whole areas of the economy are excluded from the scope of title VIII, such as commercial rents. In addition, section 801 (b) in title VIII provides broad power to exempt from, suspend, or adjust ceilings merely upon a finding that such action is required for national defense or that ceilings are impracticable or unnecessary. With the interdependence of prices and costs in our economic system, it is conceded by proponents of title VIII that, to be effective, the freeze must be general and across the board. Yet they would not vote to remove from title VIII this source of loopholes. They fear that the freeze will operate inequitably by catching many prices out of alignment. But it is clear that within the 90-day period of the freeze it would be extremely difficult, if not impossible, to adjust all these inequities. Unadjusted inequities may well drive many out of business because of losses incurred during the freeze period. This result would be apt to hit hardest at small and independent businesses which have no great amount in reserve to survive such a contingency. Therefore, the freeze provision hangs on the horns of the dilemma of being either tight and inequitable or loose and ineffective.

FREEZE AUTHORITY DRAWS PRICES AND WAGES UP

The natural tendency of all businessmen, workers, and landlords would be to keep prices, wages, and rents at the highest level competition would allow, in order not to be caught at a low level by a freeze which might be imposed momentarily without warning. The bill leaves to the executive department the power to choose as a base for the freeze any date within 30 days prior to the freeze. To guard against rollbacks, business, labor, and landlords must, therefore, keep prices constantly high. In this sense, the possibility of a freeze would act as a magnet tending to draw price, wage, and rent levels ever upward, and of itself would act as an inflationary pressure.

STOCKPILING AGENCIES AND BUREAUCRATS

By extending title VII of the Defense Production Act in its entirety, the bill continues in full force and effect provisions which will allow the creation of new agencies at will with standby functions relating to price, wage, and rent controls and staffing them with supergrade employees without limit as to numbers. The administration expressly stated that it did not need any such legislative authority since it

possesses adequate statutory authority under the legislation which created the National Security Resources Board as a key planning agency for economic mobilization. We are opposed to enacting unnecessary legislation which can only encourage an increase in expense to the Government, overlapping performance of functions, inefficiency in governmental organization, and stockpiling of bureaucrats.

IS THE FREEZE AUTHORITY CONSTITUTIONAL?

What S. 1081 proposes in effect is to give the President unrestricted power to write a price-, wage-, and rent-control law. In our judgment, the proposed abdication of legislative power by the Congress is of doubtful constitutionality. In *Schechter Corp. v. United States* (295 U. S. 495 (1935)) the Supreme Court in a unanimous opinion held the National Industrial Recovery Act unconstitutional. The basis for the Court's holding is contained in the following language:

To summarize and conclude upon this point: Section 3 of the Recovery Act is without precedent. It supplies no standards for any trade, industry, or activity. It does not undertake to prescribe rules of conduct to be applied to particular states of fact determined by appropriate administrative procedure. Instead of prescribing rules of conduct, it authorizes the making of codes to prescribe them. For that legislative undertaking, section 3 sets up no standards, aside from the statement of the general aims of rehabilitation, correction and expansion described in section 1. In view of the scope of that broad declaration, and of the nature of the few restrictions that are imposed, the discretion of the President in approving or prescribing codes, and thus enacting laws for the government of trade and industry throughout the country, is virtually unfettered. We think that the code-making authority thus conferred is an unconstitutional delegation of legislative power.

S. 1081, like the National Industrial Recovery Act, is devoid of any legislative standards by which the President and administrative officials might be guided. We realize that in recent years the Supreme Court has been less strict in reviewing delegations of legislative power. However, we do not believe that Congress lawfully can, or should, permit the President to exercise an unfettered legislative power in any field.

CONCLUSION

For all these reasons, we believe that title VIII embodies unwise legislation and should not be adopted.

With a majority of our fellow citizens, we believe this administration has committed itself to strike from the American citizen the shackles of 20 years of a bureaucratically dominated economy. We believe in the vitality and efficiency of American free enterprise and are anxious to pay more than lip service to this concept. During this period when even the proponents of title VIII admit direct controls are not necessary, we are in favor of affording free enterprise an opportunity to function unburdened by the heavy hand of ever-present threats of Government control.

FEDERAL RENT CONTROL

PLATFORM POLICIES

We will oppose Federal rent control except in those areas where the expansion of defense production has been accompanied by critical housing shortages.

This quotation from the platform adopted by the Republican National Convention last July should mark the outer limits of Federal

rent-control legislation. About the same time the platform of another large political party treated this subject as follows:

We strongly urge continued Federal rent control in critical defense areas and in the many other localities still suffering from a substantial shortage of adequate housing at reasonable prices.

With the millions of Americans who voted this administration into office, we prefer to follow the declaration of the Republican platform on this subject. We, therefore, oppose that portion of section 18 of S. 1081 which continues through September 30, 1953, Federal rent controls in areas other than critical defense housing areas.

STATES HAVE HAD TIME TO ACT

The main reason given for extending World War II type Federal rent control for still another 5 months is that in the interim State legislatures may have full opportunity to take over responsibility for this function. We submit that State legislatures have already had ample opportunity for this task. As long ago as 1950, New York State determined to adopt its own complete system of rent control, which it still retains. Even earlier, in 1949, several State legislatures acted to remove Federal rent control on a statewide basis as a result of the local option decontrol feature added to the Federal law that year. These included Arizona, Nebraska, Texas, Utah, and Wisconsin. The following year Alabama's legislature removed that State from Federal rent controls. Virginia followed quickly with similar action. As of now, Arkansas, Colorado, Idaho, Kansas, Mississippi, Nevada, Oregon, and Wyoming have also been freed completely from World War II type Federal rent control. Starting in 1949, therefore, 16 States have found opportunity to drop Federal rent controls. Since then, the legislatures of all other States have met more than once. Several of these have adopted standby State rent-control laws to be placed in effect upon the termination of Federal rent controls. States that have not yet acted have demonstrated that they do not mean to set up rent controls.

Insofar as your committee is concerned, it has long ago expressly placed the State legislatures on notice. In Senate Report No. 127, accompanying H. R. 1731, 81st Congress, 1st session (Amendments to the Housing and Rent Act of 1947, as amended), issued March 17, 1949, your committee stated:

Your committee wishes to emphasize that the various States should immediately concern themselves with the matter of deciding whether they deem it advisable to control the maximum rent charged for residential accommodations in all or any portion of the State.

As noted above, many States did consider the problem. In all the 10 States now containing 85 percent of the rental units still under World War II controls, legislatures convened in January 1953. All were aware that Federal rent control in their States was scheduled to expire on April 30. All had as much time as this Congress to consider what ought to be done about rent control. We submit these facts do not justify any extension of World War II rent controls beyond April 30, 1953.

COMPOSITION OF STATE LEGISLATURES

But, some complain, certain State legislatures are dominated by rural representatives who will not approve rent controls on a State or local level. This, we submit, is a State problem, not a Federal problem, and constitutes no justification for continuing Federal rent control 1 minute longer than it is required.

CONGRESSIONAL POLICY—END RENT CONTROL

In enacting the Housing and Rent Act of 1947, the Congress said:

The Congress hereby reaffirms the declaration in the Price Control Extension Act of 1946 that unnecessary or unduly prolonged controls over rents would be inconsistent with the return to a peacetime economy and would tend to prevent the attainment of the goals therein declared.

The Congress therefore declares that it is its purpose to terminate at the earliest practicable date all Federal restrictions on rents on housing accommodations.

With each year's extension of Federal rent controls, the Congress has repeated this declaration of policy. S. 1081 by further extending the Housing and Rent Act of 1947 again proposes to do the same thing. In our opinion it is time to carry out the spirit of that policy.

Whether World War II rent controls are to continue should hinge not on accommodating the convenience of State legislatures, but on the need for Federal rent control.

IS WORLD WAR II RENT CONTROL CONSTITUTIONAL?

In its last detailed discussion of this problem, the Supreme Court of the United States in *Woods v. Miller Co.* (333 U. S. 138 (February 1948)) sustained the validity of title II of the Housing and Rent Act of 1947 (rent control) as an exercise of the war power, holding that the war power included the power to remedy evils which have arisen from its rise and progress, but continued only for the duration of that emergency. In its decision, the Court leaned heavily on the argument that the housing deficit then found to exist was caused in considerable measure by the heavy demobilization of World War II veterans and the cessation or reduction in residential construction during the period of hostilities due to the allocation of building materials to military projects. The Court referred to statistics showing that 6,279,000 veterans were demobilized in 1945, an additional 5,659,000 in 1946, and 212,000 more in 1947. It also took note of statistics that from a high of 715,000 non-farm-dwelling units constructed in prewar 1941, the number fell to 497,000 in 1942; 350,000 in 1943; 169,000 in 1944; 247,000 in 1945; 776,200 in 1946; and 799,000 in the first 11 months of 1947.

We submit that a comparison of current conditions with those cited by the Court shows that the two main pillars upon which the Court supported the constitutionality of World War II Federal rent control have long since vanished from the scene.

It is obvious that the impact of demobilization of World War II veterans is no longer existent. In contrast to the lower number of dwellings being added to the market during the years noted by the Supreme Court, we find nonfarm housing starts amounting to 849,000 in 1947; 931,600 in 1948; 1,025,100 in 1949; 1,396,000 in 1950; 1,091,300 in 1951; and about 1,100,000 in 1952. The release of real-

estate construction credit restrictions in September 1952 and the lifting of allocations from building materials are factors encouraging increase in this high rate of construction.

It should be borne in mind that Federal rent control was sustained because of the housing deficit due to World War II. Yet as pointed out in House Report No. 1564, 80th Congress, 2d session, page 8, as long ago as March 15, 1948:

Our present housing problem is of long standing. While developments attributable to World War II have contributed to the intensity of our present problem, the current shortage actually has been accumulating over a long period of years when the volume of new housing construction was less than the net increase in new families.

Since not all the housing deficit was originally attributable to World War II, Federal rent control as a war power cannot justifiably continue until the entire deficit has been remedied. In our opinion the time has already passed when the portion of the deficit attributable to World War II has been made up.

Noting that "the backlog of demand (for housing) has now been largely worked off," the Annual Economic Review by the Council of Economic Advisers states:

The expected decline in the number of new households formed will have a pronounced effect upon the demand for housing in the next few years. The young people reaching marriage age in the next few years will be those who were born in the mid-1930's when the birthrate was very low. It is probable that net household formation will decline from the level of 900,000 in the year ending April 1, 1952, to an average of around 700,000 during the next 3 years. This compares with 1,600,000 in the peak year 1947-48.

In his concurring opinion in *Woods v. Miller, supra*, Mr. Justice Jackson noted that the Government asserted no constitutional basis for the Federal rent-control law other than the war power. He charged that this constitutional basis should be scrutinized with care—

particularly when the war power is invoked to do things to the liberties of people, or to their property or economy that only indirectly affect conduct of the war and do not relate to the management of the war itself.

Personally, he said, he would not be willing to hold that war powers may be indefinitely prolonged merely by keeping legally alive a state of war that had in fact ended. We think this describes perfectly the present status of World War II.

Therefore, under the reasoning of both the majority and concurring opinions, no constitutional basis remains to sustain the continuance of World War II Federal rent controls. These presently are estimated to affect some 4,300,000 dwelling units.

BASIS FOR RENT CONTROL

Federal rent control is not justified merely as a means of insuring low rents; its reason for existence is to prevent excessive rents attributable to war conditions. The weight of evidence before your committee showed no exorbitant increases in rents as a general condition in areas removed from World War II Federal rent control.

RENT FACTOR DECREASES IN COST OF LIVING

In terms of statistics compiled nationally by the United States Department of Labor the percentage of rent as compared to the total

cost of living decreased from 18.1 percent on a 1935-39 base to 11.6 percent in 1950. In other words, the result of inflation and rent control was to decrease the weight of rent in the cost of living by about 36 percent.

Using another comparison, in 1939 income from rent represented 4.8 percent of the total national income. In 1952, it represented only 3.3 percent. The share of landlords in the national income as measured by rents received has therefore decreased approximately one-third.

Even from its depressed base in 1950, rents lost further ground thereafter as compared with other items in the cost of living index. While all items in the Consumers' Price Index climbed to an index figure of 109.3 before the general ceiling price regulation was imposed in January 1951, rents had increased moderately to a figure of only 103.6 during the same period.

Even these statistics do not show the disproportionate burden borne by the landlords in the areas under World War II rent control, for the major amount of increases which occurred in rental would naturally be expected to occur in rental units not subject to rent control.

PROPERTY OWNERS AS SMALL BUSINESSMEN

It should be borne in mind that property owners as a group are truly representative small-business men. As long ago as 1949 your committee received testimony that approximately 80 percent of all rental property owners owned four or less rental units. Such testimony was given by Housing Expediter Tighe Woods and by the representatives of the National Apartment Owners Association and the National Association of Real Estate Boards. The latter organization introduced testimony that there were more than 8 million property owners in this class.

The National Apartment Owners Association introduced testimony that, of the more than 30 million residential structures in the United States in 1949, less than 600,000 contained more than 5 rental units. Also indicative is a survey made by the Bureau of Economic Research of Notre Dame University, showing that in 1944, of all rental payments to individuals, over 83 percent was paid to persons with annual incomes under \$5,000.

Prof. D. Gale Johnson, of the University of Chicago, in his article, *Rent Control and the Distribution of Income*, appearing in the *American Economic Review*, at the end of 1950 cited references indicating that about 77 percent of all residential rentals accrue to individuals.

The United States Bureau of the Census in the Department of Commerce reports that as of April 1, 1950, the total of rental units in the United States amounted to 19,266,315. Of these 1- to 4-family units totaled 14,639,443. From these statistics it is apparent that 1- to 4-family rental units constituted approximately 76 percent of the total rental units in the United States as of April 1, 1950.

PRICE AND WAGE CONTROLS REMOVED

At present all price and wage controls have been removed from the goods and services landlords must purchase. Yet, for the second

time since the beginning of World War II, it is proposed to continue to impose World War II rent controls on the property owner. We fail to see on what theory it is justifiable to return a free economy to the major segments of our people but except from that process landlords whose rental units are now under World War II rent control.

WORLD WAR II RENT CONTROL NOT A FEDERAL PROBLEM

Even among property owners, the problem has ceased to be national. Of an estimated total of 16 million units under rent control in 1942, only about one-fourth remain under such control. It is difficult to comprehend why 1 out of 4 landlords must still be subjected to Federal rent control of the World War II type when both that war and the portion of the housing deficit attributable to it have long since ceased to exist as true causes for rent control.

LOCAL OPTION NO EXCUSE FOR EXTENDING RENT CONTROL

It is no answer to say that the areas in which these controls continue should remove themselves from Federal rent control as a matter of local option. These areas were not placed under control through a process of local option. The controls were imposed directly on each controllable unit in the area as a matter of Federal edict, on the theory that the need for control arose as a Federal problem. When this need ceases, controls should likewise be removed by Federal action. In areas where World War II controls still existed on September 30, 1953, a local option provision was utilized to continue them in some 4.3 million rental units, but even that expression of the governing body of the community went only to the extent of wishing to continue Federal rent control until April 30, 1953. S. 1081 now proposes to abuse this use of local option by extending these controls until September 30, 1953, without any affirmative approval from the local governing bodies involved. A Federal problem should be met squarely by the Federal Government. That Government cannot evade its responsibility in the matter by urging State and local communities to pull its chestnuts out of the fire.

CRITICAL DEFENSE HOUSING AREAS

Because the rental problem in critical defense housing areas has been aggravated by efforts of the Federal Government to meet the needs of the Korean conflict, we can see some justification for continuing Federal rent control in such areas, if it recognizes current living costs and costs of operating and maintaining property. Such cases come much closer to falling within the war power than do units still under World War II controls, although the final determination of this matter on a legal basis must of necessity rest with the courts. We distinguish controls in such areas, however, from those still hanging on since World War II.

CONCLUSION

For the reasons set forth above, we cannot in good conscience support the recommendation of S. 1081 that World War II Federal rent controls be extended yet another time to September 30, 1953.

CREDIT CONTROLS

We likewise dissent vigorously from the proposal of the majority of your committee that controls of consumer and real-estate credit be reenacted, particularly at this time and as a part of this bill. Authority for such controls, contained in the Defense Production Act of 1950, was restricted in 1951 and deleted in 1952. We feel that the problems of consumer and real-estate credit are of sufficient importance to warrant separate study and, if necessary, separate legislation. Except incidentally they received no consideration in the hearings on this bill, and they were not asked for, either by the Federal Reserve Board or the President. The only decision put to the members of the committee in the first tentative draft before the committee was whether these powers should be placed in the President or in the Federal Reserve Board. Therefore, we recommend that all references to consumer or real-estate credit be stricken from the bill.

INDIVIDUAL VIEWS OF UNITED STATES SENATOR HOMER E. CAPEHART ON RENT CONTROL

I do not agree with that part of the majority report which recommends continuation of rent control from April 30 to September 30, 1953, in those areas where local governing bodies chose last September to continue Federal rent controls only until April 30, 1953.

I have never believed in unfairness in any shape or form. Fairness to one segment of our economy should be accompanied, so far as practicable, by fairness to all other segments.

It is my opinion that the property owners of this country have been discriminated against by this continuous rent control. Why should this one segment of our economy be regimented, regulated, and made to suffer at a time when all price and wage controls have been lifted?

It is estimated that approximately 4.3 million units are in these areas, most of which have been under Federal rent control continuously since 1942.

When the Congress enacted the Housing and Rent Act of 1947, it declared that its purpose was "to terminate at the earliest practical date all Federal restrictions on rents on housing accommodations." This same statement of policy has been reaffirmed consistently by the Congress. As noted in Senate Report No. 1599, dated May 27, 1952, the Banking and Currency Committee on June 21, 1951, stated its adherence to the policy that Congress should terminate Federal rent control at the earliest possible time. I was of the opinion in 1952 that Federal rent controls properly could be removed, except possibly in critical defense housing areas, and I voted accordingly. However, the majority of the committee did not feel so inclined.

One of the reasons stated for continuing rent controls in so-called local option areas until September 30, 1953, is to enable each State legislature to have full opportunity to assume the responsibility for this function. I cannot agree that this is a valid reason for the Federal Government to extend these controls. Each and every State has had ample opportunity to assume this function, if it desired to do so.

Those local areas which took action on September 30, 1952, to continue Federal rent control, took this action to continue rent control only until April 30, 1953. They understood then that rent control would cease on April 30, 1953. Why should we now continue this control without any further action on their part? To do so is to force local governing bodies to break faith with their citizens.

I agree that it may be necessary to continue rent control in areas in which there are large military or atomic-energy installations, causing critical housing shortages. However, I believe that the new criteria of critical defense-housing areas will limit such areas to a necessary minimum. I believe further that the review and recertification of critical defense-housing areas required by the bill will eliminate many of those areas that are now classified as critical but which should be free from rent control. Therefore, I support only this limited extension of rent control.

Calendar No. 138

83D CONGRESS
1ST SESSION

S. 1081

[Report No. 138]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 25, 1953

Mr. CAPEHART (for himself, Mr. MAYBANK, Mr. BEALL, Mr. BUSH, Mr. DOUGLAS, Mr. FREAR, Mr. FULBRIGHT, Mr. IVES, Mr. LEHMAN, Mr. PAYNE, Mr. ROBERTSON, and Mr. SPARKMAN) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

APRIL 10 (legislative day, APRIL 6), 1953

Reported by Mr. CAPEHART, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To provide authority for temporary economic controls, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Defense Production Act of 1950, as amended, is
4 amended by adding at the end thereof the following new
5 title:

1 ~~"TITLE VIII—TEMPORARY EMERGENCY PRICE,~~
2 WAGE, AND RENT CEILINGS

3 "SEC. 801. In spite of substantial increases which have
4 occurred since the outbreak of the conflict in Korea, prices
5 are now generally in normal relationship and the economy
6 as a whole is relatively stable. It is the sense of the Con-
7 gress that this stability can be maintained by the full and
8 effective use of indirect controls barring unanticipated and
9 adverse international developments. There is, however, the
10 ever present possibility of further Communist aggression
11 which may seriously jeopardize the American economic
12 system unless proper safeguards exist for the immediate
13 imposition of certain economic controls. The necessity for
14 such safeguards is emphasized by the speedily destructive
15 force of modern warfare which allows no delay in the
16 taking of Executive action to insure the preservation of the
17 well-being of the economy. The purpose of this title is to
18 provide a basis for the imposition of price, wage, and rent
19 controls for a temporary period in the event serious economic
20 dislocations develop which threaten the national security
21 or welfare.

22 "It is the sense of the Congress that direct economic
23 controls are incompatible with the American free enterprise
24 system and should be invoked only if an emergency arises
25 serious enough to threaten the economic well-being or

1 security of the United States. However, if such an
2 emergency should develop the President must have the
3 power to employ immediate economic controls for such rea-
4 sonable period of time as will give Congress an opportunity
5 to act.

6 "SEC. 802. There is hereby established a National Ad-
7 visory Council composed of members to be appointed by the
8 President, by and with the advice and consent of the Senate.
9 The membership shall be representative of business and in-
10 dustry, agriculture, labor, the military, and consumers. The
11 President shall designate a Chairman from among the mem-
12 bers. Such Council shall, upon request, advise the President
13 on general policies relating to economic mobilization, in
14 addition to performing the functions prescribed elsewhere in
15 this title. Each member may receive compensation not in
16 excess of \$50 per diem for each day he is actually engaged
17 in the performance of his duties as a member, and, while
18 away from his home or regular place of business, he may be
19 allowed transportation and not to exceed \$15 per diem in
20 lieu of subsistence and other expenses while so employed.
21 The members shall, in respect to their functions on the Coun-
22 cil, be exempt from the operation of sections 281, 283, 284,
23 434, and 1914 of title 18 of the United States Code, section
24 412 of the Mutual Defense Assistance Act of 1949, and sec-
25 tion 190 of the Revised Statutes (5 U. S. C. 99).

1 “SEC. 803. ~~(a)~~ The President is authorized and di-
2 rected, after consulting the National Advisory Council,
3 whenever he shall find and declare that the exercise of such
4 authority is necessary in the interest of national security
5 or economic stability, to establish by Executive order ceilings
6 on ~~(1)~~ the price, rental, commission, margin, rate, fee,
7 charge, or allowance paid or received on the sale or delivery,
8 or the purchase or receipt, by or to any person, of materials
9 and services, ~~(2)~~ wages, salaries, and other compensation
10 paid or received with respect to employment, and ~~(3)~~ rents
11 paid or received for the use or occupancy of housing accom-
12 modations, at the levels prevailing as of the close of business
13 on the business day next preceding the day on which the
14 action is taken, or, if none prevailed on such day, then those
15 prevailing on the nearest date on which, in the judgment of
16 the President, they are generally representative. All ceil-
17 ings established under this title shall terminate ninety days
18 after the issuance of such order, or at such earlier time as
19 Congress may by law provide, and the authority conferred
20 by this title to establish ceilings shall not thereafter be
21 exercised.

22 “~~(b)~~ The President may provide exemptions from ceil-
23 ings in the case of any materials or services or transactions
24 therein, or types of employment, or housing accommodations
25 of any class or in any area, if he finds that ~~(1)~~ such exemp-

tion is necessary for national defense, or ~~(2)~~ the imposition of such ceilings would be impracticable or unnecessary in order to effectuate the purposes of this title.

“(e) Notwithstanding any other provision of this section, the President may exercise any authority granted to him by this title without prior consultation with the National Advisory Council in the event a state of war exists.

“SEC. 804. The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of this title. Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to the recovery of possession) in connection with any housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this title.

“SEC. 805. ~~(a)~~ Regardless of any obligation heretofore or hereafter entered into, it shall be unlawful—

“(1) for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or to demand, accept, receive, or retain any rent for the use or occupancy of any housing accommodations, or otherwise to do or omit

1 to do any act, in violation of this title or any regulation,
 2 order, or requirement issued thereunder, or to offer,
 3 solicit, attempt, or agree to do any of the foregoing; or
 4 “(2) for any employer to pay, or any employee
 5 to receive, any wage, salary, or other compensation in
 6 contravention of any regulation or order promulgated
 7 by the President under this title.

8 The President shall prescribe the extent to which any pay-
 9 ment (including any wage, salary, or compensation pay-
 10 ment), either in money or property, made in contravention
 11 of any such regulation, order, or requirement shall be disre-
 12 garded by the executive departments and other governmental
 13 agencies in determining the costs or expenses of any person
 14 for the purposes of any other law or regulation, including
 15 bases in determining gain for tax purposes.

16 “(b) Any person who willfully violates any provision
 17 of this section shall, upon conviction thereof, be subject to a
 18 fine of not more than \$10,000 or to imprisonment for not
 19 more than one year, or both.

20 “SEC. 806. Nothing in this title shall be construed to
 21 require any person to sell any material or service, or to
 22 offer any housing accommodations for rent, or to perform
 23 personal services.

24 “SEC. 807. As used in this title—

25 “(a) The term ‘rent’ means the consideration, includ-

1 ing any bonus, benefit, or gratuity, demanded or received
2 for or in connection with the use or occupancy of housing
3 accommodations, or the transfer of a lease of housing accom-
4 modations.

5 “(b) The term ‘housing accommodations’ means any
6 building, structure or part thereof, or land appurtenant
7 thereto, or any other real or personal property rented or
8 offered for rent for living or dwelling purposes (including
9 houses, apartments, rooming or boarding house accommoda-
10 tions, and other properties used for living or dwelling pur-
11 poses) together with all privileges, services, furnishings,
12 furniture, and facilities connected with the use or occupancy
13 of such property.

14 “SEC. 808. This title shall become effective on May 1,
15 1953.”

16 SEC. 2. (a) Subsection (a) of section 717 of the De-
17 fense Production Act of 1950, as amended, is amended by
18 inserting before the period at the end thereof a semicolon
19 and the following: “and title VIII of this Act and all
20 authority conferred thereunder shall terminate at the expira-
21 tion of ninety days after the President proclaims that the
22 existing international emergency requiring the involvement
23 of armed forces of the United States in actual hostilities in
24 the Korean conflict has ended”.

1 ~~(b)~~ Subsection ~~(b)~~ of such section 717 is amended by
2 adding at the end thereof the following:

3 ~~(4)~~ Sections 702, 703, 705, 706, 707, 710, 711, 713,
4 715, and 716 of this Act shall continue in effect until the
5 expiration of title VIII of this Act; except that section 705
6 shall not become operative until the President establishes
7 ceilings on prices, wages, and rents under title VIII.”

8 *That this Act may be cited as the “Defense Production and*
9 *Temporary Controls Act of 1953”.*

10 *SEC. 2. Section 2 of the Defense Production Act of*
11 *1950, as amended, is amended to read as follows:*

12 “DECLARATION OF POLICY

13 *“SEC. 2. It is the policy of the United States to oppose*
14 *acts of aggression and to promote peace by insuring respect*
15 *for world law and the peaceful settlement of differences among*
16 *nations. To that end this Government is pledged to support*
17 *collective action through the United Nations and through*
18 *regional arrangements for mutual defense in conformity with*
19 *the Charter of the United Nations. The United States is*
20 *determined to develop and maintain whatever military and*
21 *economic strength is found to be necessary to carry out this*
22 *purpose.*

23 *“In spite of substantial increases which have occurred*
24 *since the outbreak of the conflict in Korea, prices are now*
25 *generally in normal relationship and the economy as a whole*

1 *is relatively stable. It is the sense of the Congress that this*
2 *stability can be maintained by the full and effective use of*
3 *indirect controls barring adverse international developments.*

4 *“However, defense production now requires a limited*
5 *diversion of certain materials and facilities from civilian*
6 *use to military and related purposes. It requires expansion*
7 *of productive facilities beyond the levels needed to meet the*
8 *civilian demand.*

9 *“Moreover, there is the ever-present threat of further*
10 *Communist aggression which may seriously jeopardize the*
11 *American economic system unless proper safeguards exist*
12 *for the imposition of certain economic controls in the event*
13 *of a grave national emergency. The necessity for such safe-*
14 *guards is emphasized by the speedily destructive force of*
15 *modern warfare which allows no delay in the taking of*
16 *Executive action to insure the preservation of the well-*
17 *being of the economy. This Act provides a basis for the*
18 *imposition of price, wage, and rent controls for a temporary*
19 *period in the event serious economic dislocations develop*
20 *which threaten the national security or welfare.*

21 *“It is the sense of the Congress that direct economic*
22 *controls are incompatible with the American free enterprise*
23 *system and should be invoked only if an emergency arises*
24 *serious enough to threaten the economic well-being or security*

1 of the United States. However, if such an emergency should
2 develop the President must have the power to employ im-
3 mediate economic controls for such reasonable period of
4 time as will give Congress an opportunity to act.”

5 SEC. 3. Section 101 of the Defense Production Act
6 of 1950, as amended, is amended to read as follows:

7 “SEC. 101. (a) The President is hereby authorized (1)
8 to require that performance under contracts or orders (other
9 than contracts of employment) which he deems necessary
10 or appropriate to promote the national defense shall take
11 priority over performance under any other contract or
12 order, and, for the purpose of assuring such priority, to
13 require acceptance and performance of such contracts or
14 orders in preference to other contracts or orders by any
15 person he finds to be capable of their performance, and (2)
16 to allocate materials and facilities in such manner, upon such
17 conditions, and to such extent as he shall deem necessary
18 or appropriate to promote the national defense.

19 (b) The powers granted in this section shall not be
20 used to control the general distribution of any material in the
21 civilian market unless the President finds (1) that such
22 material is a scarce and critical material essential to the
23 national defense, or (2) that the requirements of the national

1 defense for such material cannot otherwise be met without
2 creating a significant dislocation of the normal distribution
3 of such material in the civilian market to such a degree as
4 to create appreciable hardship.”

5 SEC. 4. Section 104 of the Defense Production Act of
6 1950, as amended, is hereby repealed.

7 SEC. 5. Subsection (a) of section 301 of the Defense
8 Production Act of 1950, as amended, is amended by striking
9 out “, or in connection with or in contemplation of the
10 termination,” and by inserting before the period at the end
11 thereof a comma and the following: “or for the purpose of
12 financing any contractor, subcontractor, or other person in
13 connection with or in contemplation of the termination, in the
14 interest of the United States, of any contract made for the
15 national defense; but no small-business concern (as defined
16 in section 714 (a) (1) of this Act) shall be held ineligible
17 for the issuance of such a guaranty by reason of alternative
18 sources of supply”.

19 SEC. 6. Subsection (b) of section 303 of the Defense
20 Production Act of 1950, as amended, is amended by strik-
21 ing out “1962” and inserting in lieu thereof “1963”.

22 SEC. 7. Section 303 of the Defense Production Act of
23 1950, as amended, is amended by adding at the end thereof a
24 new subsection as follows:

1 “(f) Notwithstanding any other provision of law to the
2 contrary, metals, minerals, and materials acquired pursuant
3 to the provisions of this section which, in the judgment of the
4 President, are excess to the needs of programs under this Act,
5 shall be transferred to the national stockpile established pur-
6 suant to the Act of June 7, 1939, as amended (50 U. S. C.
7 98-98h), when the President deems such action to be in the
8 public interest.

9 “Transfers made pursuant to this subsection shall be made
10 without charge against or reimbursement from funds avail-
11 able under such Act of June 7, 1939, as amended, except
12 that costs incident to such transfer other than acquisition costs
13 shall be paid or reimbursed from such funds, and the acquisi-
14 tion costs of such metals, minerals, and materials transferred
15 shall be deemed to be net losses incurred by the transferring
16 agency and the notes payable issued to the Secretary of the
17 Treasury representing the amounts thereof shall be canceled.
18 Upon the cancellation of any such notes the aggregate
19 amount of borrowing which may be outstanding at any one
20 time under section 304 (b) of this Act, as amended, shall
21 be reduced in an amount equal to the amount of any notes
22 so cancelled.”

23 SEC. 8. Title VI of the Defense Production Act of
24 1950, as amended, is amended to read as follows:

1 “TITLE VI—CONTROL OF CONSUMER AND
2 REAL ESTATE CREDIT

3 THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER
4 CREDIT AND REAL ESTATE CONSTRUCTION CREDIT
5 ONLY

6 “SEC. 601. To assist in carrying out the objectives of
7 this Act, the Board of Governors of the Federal Reserve
8 System is authorized, notwithstanding the provisions of
9 Public Law 386, Eightieth Congress (61 Stat. 921), to
10 exercise consumer credit controls in accordance with and
11 to carry out the provisions of Executive Order Numbered
12 8843 (August 9, 1941).

13 “SEC. 602. (a) To assist in carrying out the purposes
14 of this Act, the President is authorized from time to time to
15 prescribe regulations with respect to such kind or kinds of
16 real estate construction credit which thereafter may be ex-
17 tended as, in his judgment, it is necessary to regulate in
18 order to prevent or reduce excessive or untimely use of or
19 fluctuations in such credit. Such regulations may, among
20 other things, prescribe maximum loan or credit values, mini-
21 mum down payments in cash or property, trade-in or ex-
22 change values, maximum maturities, maximum amounts of
23 credit, rules regarding the amount, form, and time of various
24 payments, rules against any credit in specified circumstances,

1 rules regarding consolidations, renewals, revisions, transfers,
2 or assignments of credit, and rules regarding other similar or
3 related matters. Such regulations may classify persons and
4 transactions and may apply different requirements thereto,
5 and may include such administrative provisions as in the
6 judgment of the President are reasonably necessary in order
7 to effectuate the purposes of this section or to prevent evasions
8 thereof.

9 *“In prescribing and suspending such regulations, includ-*
10 *ing changes from time to time to take account of changing*
11 *conditions, the President shall consider, among other factors,*
12 *(1) the level and trend of real estate construction credit and*
13 *the various kinds thereof, (2) the effect of the use of such*
14 *credit upon (i) purchasing power and (ii) demand for real*
15 *property and improvements thereon and for other goods and*
16 *services, (3) the need in the national economy for the main-*
17 *tenance of sound credit conditions, and (4) the needs for*
18 *increased defense production.*

19 *“(b) No person shall extend or maintain any real*
20 *estate construction credit, or renew, revise, consolidate, re-*
21 *finance, purchase, sell, discount, or lend or borrow on, any*
22 *obligation arising out of any such credit, or arrange for any*
23 *of the foregoing, in contravention of any regulation prescribed*
24 *by the President pursuant to this section. Any person who*
25 *extends or maintains any such credit, or renews, revises, con-*

1 solidates, refinances, purchases, sells, discounts, or lends or
2 borrows on, any obligation arising out of any such credit,
3 or arranges for any of the foregoing, shall make, keep, and
4 preserve for such periods, such accounts, correspondence,
5 memoranda, papers, books, and other records, and make such
6 reports, under oath or otherwise, as the President may by
7 regulation require as necessary or appropriate in order to
8 effectuate the purposes of this section; and such accounts,
9 correspondence, memoranda, papers, books, and other records
10 shall be subject at any time to such reasonable periodic,
11 special, or other examinations by examiners or other repre-
12 sentatives of the President as the President may deem neces-
13 sary or appropriate. The requirements of this section apply
14 whether a person is acting as principal, agent, broker, vendor,
15 or otherwise.

16 “(c) To assist in carrying out the purposes of this sec-
17 tion, the President by regulation may require transactions
18 or persons or classes thereof subject to this section to be
19 registered; and, after notice and opportunity for hearing, the
20 President by order may suspend any such registration for
21 violation of this section or any regulation prescribed by the
22 President pursuant to this section. The provisions of section
23 25 of the Securities Exchange Act of 1934, as amended,
24 shall apply in the case of any such order of the President in
25 the same manner that such provisions apply in the case of

1 orders of the Securities and Exchange Commission under
2 that Act. In carrying out this section, the President may act
3 through and may utilize the services of the Board of Gov-
4 ernors of the Federal Reserve System, the Federal Reserve
5 banks, and any other agencies, Federal or State, which are
6 available and appropriate.

7 “(d) For the purposes of this section, unless the context
8 otherwise requires, the following terms shall have the follow-
9 ing meanings, but the President may in his regulations
10 further define such terms and, in addition, may define tech-
11 nical, trade, accounting, and other terms, insofar as any such
12 definitions are not inconsistent with the provisions of this
13 section:

14 “(1) ‘Real estate construction credit’ means any credit
15 which (i) is wholly or partly secured by, (ii) is for the
16 purpose of purchasing or carrying, (iii) is for the purpose
17 of financing, or (iv) involves a right to acquire or use, new
18 construction on real property or real property on which there
19 is new construction. As used in this paragraph the term
20 ‘new construction’ means any structure, or any major addi-
21 tion or major improvement to a structure, which has not been
22 begun before the effective date of any regulation issued under
23 subsection (a) of this section after the date of enactment of
24 the Defense Production and Temporary Controls Act of
25 1953. As used in this paragraph the term ‘real property’

1 includes leasehold and other interests therein. Notwithstand-
2 ing the foregoing provisions of this paragraph, the term 'real
3 estate construction credit' shall not include any loan or loans
4 made, insured, or guaranteed by any department, independ-
5 ent establishment, or agency in the executive branch of the
6 United States Government, or by any wholly owned Govern-
7 ment corporation, or by any mixed ownership Government
8 corporation as defined in the Government Corporation Con-
9 trol Act, as amended.

10 “(2) ‘Credit’ means any loan, mortgage, deed of trust,
11 advance, or discount; any conditional sale contract; any con-
12 tract to sell, or sale or contract of sale of, property or services,
13 either for present or future delivery, under which part or all
14 of the price is payable subsequent to the making of such sale
15 or contract; any rental-purchase contract, or any contract for
16 the bailment, leasing, or other use of property under which
17 the bailee, lessee, or user has the option of becoming the owner
18 thereof, obligates himself to pay as compensation a sum sub-
19 stantially equivalent to or in excess of the value thereof, or has
20 the right to have all or part of the payments required by such
21 contract applied to the purchase price of such property or
22 similar property; any option, demand, lien, pledge, or similar
23 claim against, or for the delivery of property or money; any
24 purchase, discount, or other acquisition of, or any credit un-
25 der the security of, any obligation or claim arising out of

1 *any of the foregoing; and any transaction or series of trans-*
2 *actions having a similar purpose or effect.*

3 “*SEC. 603. Any person who willfully violates any pro-*
4 *vision of section 601, 602, or 605, or any regulation or or-*
5 *der issued thereunder, upon conviction thereof, shall be fined*
6 *not more than \$5,000 or imprisoned not more than one year,*
7 *or both.*

8 “*SEC. 604. All the present provisions of sections 21 and*
9 *27 of the Securities Exchange Act of 1934, as amended*
10 *(relating to investigations, injunctions, jurisdictions, and*
11 *other matters), shall be as fully applicable with respect to the*
12 *exercise by the Board of Governors of the Federal Reserve*
13 *System of credit controls under section 601 as they are now*
14 *applicable with respect to the exercise by the Securities and*
15 *Exchange Commission of its functions under that Act, and*
16 *the Board shall have the same powers in the exercise of such*
17 *credit controls as the Commission now has under the said*
18 *sections 21 and 27.*

19 “*SEC. 605. To assist in carrying out the objectives of*
20 *this Act the President may at any time or times, notwith-*
21 *standing any other provision of law, reduce, for such period*
22 *as he shall specify, the maximum authorized principal*
23 *amounts, ratios of loan to value or cost, or maximum ma-*
24 *turities of any type or types of loans on real estate which*

1 thereafter may be made, insured, or guaranteed by any de-
2 partment, independent establishment, or agency in the exec-
3 utive branch of the United States Government, or by any
4 wholly owned Government corporation or by any mixed-
5 ownership Government corporation as defined in the Gov-
6 ernment Corporation Control Act, as amended, or reduce or
7 suspend any such authorized loan program, upon a determi-
8 nation, after taking into consideration the effect thereof upon
9 conditions in the building industry and upon the national
10 economy and the needs for increased defense production, that
11 such action is necessary in the public interest: Provided,
12 That in the exercise of these powers, the President shall pre-
13 serve the relative credit preferences accorded to veterans
14 under existing law. Subject to the provision of this section
15 with respect to preserving the relative credit preferences ac-
16 corded to veterans under existing law, the President may
17 require lenders or borrowers and their successors and as-
18 signs to comply with reasonable conditions and requirements,
19 in addition to those provided by other law, in connection with
20 any loan of a type which has been the subject of action by
21 the President under this section. Such conditions and re-
22 quirements may vary for classifications of persons or trans-
23 actions as the President may prescribe, and failure to comply
24 therewith shall constitute a violation of this section.”

1 *SEC. 9. Subsection (c) of section 701 of the Defense*
2 *Production Act of 1950, as amended, is amended to read as*
3 *follows:*

4 *“(c) Whenever the President invokes the powers given*
5 *him in this Act to control the general distribution of any mate-*
6 *rial in the civilian market, he shall do so in such a manner as to*
7 *make available, so far as practicable, for business and various*
8 *segments thereof in the normal channel of distribution of such*
9 *material, a fair share of the available civilian supply based,*
10 *so far as practicable, on the share received by such business*
11 *under normal conditions during a representative period fol-*
12 *lowing June 30, 1953, and having due regard to periodic*
13 *changes in the current competitive position of established*
14 *business: Provided, That the limitations and restrictions im-*
15 *posed on the production of specific items shall not exclude*
16 *new concerns and newly acquired operations from a fair and*
17 *reasonable share of total authorized production, and shall*
18 *give due consideration to the needs of new concerns and*
19 *newly acquired operations: Provided further, That if the*
20 *President continues or reimposes controls after June 30,*
21 *1953, on the general distribution in the civilian market of*
22 *any materials subject to such controls on June 30, 1953, he*
23 *shall do so in the manner above provided but on the basis*
24 *of the share received by such business during a representa-*
25 *tive period preceding June 24, 1950, adjusted to reflect,*

1 *since such date, attained competitive position, the require-*
2 *ments of new concerns and newly acquired operations."*

3 *SEC. 10. Section 702 (d) of the Defense Production*
4 *Act of 1950, as amended, is amended to read as follows:*

5 *"(d) The term 'national defense' means the operations*
6 *and activities of the Armed Forces, the Atomic Energy Com-*
7 *mission, or any other Government department or agency*
8 *directly or indirectly and substantially concerned with the*
9 *national defense, or operations or activities in connection*
10 *with foreign economic or military assistance programs."*

11 *SEC. 11. (a) The fourth sentence of paragraph (1)*
12 *of subsection (a) of section 714 of the Defense Production*
13 *Act of 1950, as amended, is amended to read as follows:*

14 *"For the purposes of this section, a small-business concern*
15 *shall be deemed to be one which is independently owned and*
16 *operated and which is not dominant in its field of operation,*
17 *including producers of strategic and critical minerals and*
18 *metals."*

19 *(b) Paragraph (4) of subsection (a) of section 714*
20 *of the Defense Production Act of 1950, as amended, is*
21 *amended by striking out "June 30, 1953" and inserting in*
22 *lieu thereof "June 30, 1955".*

23 *SEC. 12. Paragraph (3) of subsection (f) of section*
24 *714 of the Defense Production Act of 1950, as amended, is*

1 amended by inserting after the word "allocated" the first time
2 it appears therein the words "in the civilian market".

3 SEC. 13. Paragraph (4) of subsection (f) of section
4 714 of the Defense Production Act of 1950, as amended,
5 is repealed.

6 SEC. 14. Subsection (a) of section 717 of the Defense
7 Production Act of 1950, as amended, is amended to read
8 as follows:

9 "(a) (1) Titles I, III, VI, VII and VIII of this Act,
10 and all authority conferred thereunder, shall terminate at the
11 close of June 30, 1955, or at the expiration of ninety days
12 after the issuance on or before that date of an Executive order
13 establishing ceilings under the provisions of section 801 (a)
14 of this Act, whichever is later.

15 "(2) Title II of this Act, and all authority conferred
16 thereunder, shall terminate at the close of June 30, 1953;
17 and titles IV and V of this Act, and all authority conferred
18 thereunder, shall terminate at the close of April 30, 1953."

19 SEC. 15. Subsection (c) of section 717 of the Defense
20 Production Act of 1950, as amended, is amended by adding
21 before the period at the end thereof a comma and the follow-
22 ing: "or the taking of any action (including the making of
23 new guarantees) deemed by a guaranteeing agency to be
24 necessary to accomplish the orderly liquidation, adjustment
25 or settlement of any loans guaranteed under this Act, in-

cluding actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection”.

SEC. 16. The Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new title:

“TITLE VIII—TEMPORARY EMERGENCY PRICE,
WAGE, AND RENT CEILINGS

“SEC. 801. (a) The President is authorized and directed, whenever he shall find and declare that a grave national emergency exists and that the exercise of such authority is necessary in the interest of national security and economic stability, to establish simultaneously by Executive order ceilings on (1) the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of materials and services, (2) wages, salaries, and other compensation paid or received with respect to employment, and (3) rents paid or received for the use or occupancy of housing accommodations, at the levels prevailing as of the close of business on the business day next preceding the day on which the action is taken, or those prevailing on the nearest date

1 during the preceding thirty days on which, in the judgment
2 of the President, they are generally representative, or if none
3 prevailed during such thirty-day period, then those prevailing
4 on the nearest date on which, in the judgment of the Presi-
5 dent, they are generally representative. All ceilings estab-
6 lished under this title shall terminate ninety days after the
7 issuance of such order, or at such earlier time as Congress
8 may by law or concurrent resolution provide, and the au-
9 thority conferred by this title to establish ceilings shall not
10 thereafter be exercised.

11 “(b) The President may provide exemptions from,
12 suspensions of, or adjustments to ceilings in the case of any
13 materials or services or transactions therein, or types of em-
14 ployment, or housing accommodations of any class or in any
15 area, if he finds that (1) such exemption, suspension, or
16 adjustment is necessary for national defense, or (2) the
17 imposition or maintenance of such ceilings would be imprac-
18 ticable or unnecessary in order to effectuate the purposes of
19 this title.

20 “SEC. 802. The President may make such rules, regu-
21 lations, and orders as he deems necessary and appropriate
22 to carry out the provisions of this title. Whenever in the
23 judgment of the President such action is necessary or proper
24 in order to effectuate the purposes of this title, he may, by
25 regulation or order, regulate or prohibit speculative or

1 manipulative practices or renting or leasing practices (in-
2 cluding practices relating to the recovery of possession) in
3 connection with any housing accommodations, which in his
4 judgment are equivalent to or are likely to result in rent
5 increases inconsistent with the purposes of this title.

6 “SEC. 803. (a) Regardless of any obligation heretofore
7 or hereafter entered into, it shall be unlawful—

8 “(1) for any person to sell or deliver, or in the
9 regular course of business or trade to buy or receive,
10 any material or service, or to demand, accept, receive,
11 or retain any rent for the use or occupancy of any
12 housing accommodations, or otherwise to do or omit
13 to do any act, in violation of this title or any regulation,
14 order, or requirement issued thereunder, or to offer,
15 solicit, attempt, or agree to do any of the foregoing; or

16 “(2) for any employer to pay, or any employee
17 to receive, any wage, salary, or other compensation in
18 contravention of any regulation or order promulgated
19 by the President under this title.

20 The President shall prescribe the extent to which any pay-
21 ment (including any wage, salary, or compensation pay-
22 ment), either in money or property, made in contravention
23 of any such regulation, order, or requirement shall be disre-
24 garded by the executive departments and other governmental
25 agencies in determining the costs or expenses of any person

1 *for the purposes of any other law or regulation, including*
2 *bases in determining gain for tax purposes.*

3 “(b) *Any person who willfully violates any provision*
4 *of this section shall, upon conviction thereof, be subject to a*
5 *fine of not more than \$10,000 or to imprisonment for not*
6 *more than one year, or both.*

7 “SEC. 804. *Nothing in this title shall be construed to*
8 *require any person to sell any material or service, or to*
9 *offer any housing accommodations for rent, or to perform*
10 *personal services.*

11 “SEC. 805. *As used in this title—*

12 “(a) *The term ‘rent’ means the consideration, includ-*
13 *ing any bonus, benefit, or gratuity, demanded or received*
14 *for or in connection with the use or occupancy of housing*
15 *accommodations, or the transfer of a lease of housing accom-*
16 *modations.*

17 “(b) *The term ‘housing accommodations’ means any*
18 *building, structure or part thereof, or land appurtenant*
19 *thereto, or any other real or personal property rented or*
20 *offered for rent for living or dwelling purposes (including*
21 *houses, apartments, rooming or boarding house accommoda-*
22 *tions, and other properties used for living or dwelling pur-*
23 *poses) together with all privileges, services, furnishings,*
24 *furniture, and facilities connected with the use or occupancy*
25 *of such property.*

1 “SEC. 806. This title shall become effective on May 1,
2 1953.”

3 SEC. 17. Section 4 of the Housing and Rent Act of
4 1947, as amended, is amended—

5 (a) by striking out “1953” in subsection (e) of
6 said section and inserting in lieu thereof “1954”; and

7 (b) by inserting after the words “veterans of World
8 War II” wherever they appear in said section the words
9 “and of the Korean conflict”.

10 SEC. 18 (a) Subsection (f) of section 204 of the Housing
11 and Rent Act of 1947, as amended, is amended by adding
12 at the end thereof the following new paragraph:

13 “(5) (A) Notwithstanding any provision of paragraph
14 (1) of this subsection—

15 “(i) the provisions of this title shall cease to be in
16 effect at the close of September 30, 1953, in the areas
17 described in subparagraph (1) (B) and (C) of this
18 subsection in which maximum rents were in effect on
19 April 30, 1953; and

20 “(ii) the provisions of this title shall cease to be in
21 effect at the close of April 30, 1954, in any area which
22 has been or is certified under subsection (l) of this section
23 as a critical defense housing area.

24 “(B) Any such area which was certified as a critical de-
25 fense housing area prior to the date of enactment of the De-

1 *fense Production and Temporary Controls Act of 1953 shall*
2 *be reviewed in the light of the new criteria applicable to crit-*
3 *ical defense housing areas and shall be continued under con-*
4 *trol after such review (which must be concluded by September*
5 *30, 1953), only if, after such review and prior to such date,*
6 *it is recertified in accordance with the provisions of subsection*
7 *(1) as amended by such Act."*

8 (b) Paragraph (3) of subsection (f) of section 204 of
9 the Housing and Rent Act of 1947, as amended, is amended
10 by striking out "(1)" and inserting in lieu thereof "(5)".

11 (c) Paragraph (4) of subsection (f) of section 204 of
12 the Housing and Rent Act of 1947, as amended, is amended
13 by striking out "(1) or (3)" and inserting in lieu thereof
14 "(3) or (5)".

15 SEC. 19. (a) The last sentence of subsection (k) of
16 section 204 of the Housing and Rent Act of 1947, as
17 amended, is amended to read as follows: "In establishing
18 or maintaining any maximum rent for any housing accom-
19 modations under this subsection the President shall give due
20 consideration to the rents prevailing for such housing accom-
21 modations or comparable housing accommodations during the
22 period from March 1, 1953, to April 1, 1953, and he shall
23 make adjustment for such relevant factors as he shall deem
24 to be of general applicability in respect to such accommoda-
25 tions, including increases or decreases in property taxes and

1 other costs within such State, incorporated city, town, or
2 village, or unincorporated area.”

3 (b) The third sentence of subsection (l) of section 204
4 of the Housing and Rent Act of 1947, as amended, is
5 amended to read as follows: “In establishing or maintaining
6 any maximum rent for any housing accommodations under
7 this subsection, the President shall give due consideration to
8 the rents prevailing for such housing accommodations or com-
9 parable housing accommodations during the period from
10 March 1, 1953, to April 1, 1953, and he shall make adjust-
11 ment for such relevant factors as he shall determine and
12 deem to be of general applicability in respect to such accom-
13 modations, including increases or decreases in property taxes
14 and other costs within such area.”

15 SEC. 20. (a) Paragraphs (1) and (3) of subsection
16 (l) of section 204 of the Housing and Rent Act of 1947, as
17 amended, are amended by striking out the phrase “defense
18 plant or” wherever it appears and inserting in lieu thereof
19 “military, Atomic Energy Commission, or other Government”.

20 (b) Paragraph (2) of such subsection is amended by
21 striking out “plant or” and inserting in lieu thereof “military,
22 Atomic Energy Commission, or other Government”.

23 SEC. 21. Subsection (o) of section 204 of the Housing
24 and Rent Act of 1947, as amended, is amended (1) by strik-
25 ing out “on the date of enactment of this subsection” and

1 inserting in lieu thereof "on the date of enactment of the
2 Defense Production and Temporary Controls Act of 1953",
3 and (2) by striking out "120" and inserting in lieu thereof
4 "130".

5 SEC. 22. Section 204 of the Housing and Rent Act of
6 1947, as amended, is amended by adding at the end thereof
7 the following new subsection:

8 "(r) Regulations or orders under this title shall be subject
9 to the same proceedings for protest and review as are pro-
10 vided for regulations or orders relating to price controls by
11 sections 407 and 408 of the Defense Production Act of 1950,
12 as amended, and for such purpose such sections are hereby
13 continued notwithstanding the provisions of section 717 of the
14 Defense Production Act of 1950, as amended."

15 SEC. 23. The first sentence of section 208 of the Hous-
16 ing and Rent Act of 1947, as amended, is amended to read as
17 follows: "The President shall administer the powers, duties,
18 and functions conferred upon him by this Act through such
19 officer or agency of the Government as he may designate."

A BILL

To provide authority for temporary economic controls, and for other purposes.

By Mr. CARPENT, Mr. MAYBANK, Mr. BEALL,
Mr. BUSH, Mr. DOUGLAS, Mr. FREAR, Mr.
FULBRIGHT, Mr. IVES, Mr. LEHMAN, Mr.
PAYNE, Mr. ROBERTSON, and Mr. SPARKMAN

FEBRUARY 25, 1953

Read twice and referred to the Committee on
Banking and Currency

APRIL 10 (legislative day, APRIL 6), 1953

Reported with an amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued April 16, 1953

For actions of April 15, 1953

83rd-1st, No. 65

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House passed bill to continue Mexican farm labor program. Rep. Will inserted Secretary's Denver speech on farm problems.

HOUSE

1. FARM LABOR. Passed, 259-87, without amendment H. R. 3480, which continues for 3 years beyond Dec. 31, 1953, the authority for recruitment and employment of agricultural workers from Mexico, when an adequate number of workers are not available from the domestic labor force, to assist in growing, harvesting, and preparing for consumption, of crops grown in the U. S. (pp. 3260-75). Rejected, 50 to 114, an amendment by Rep. Bailey to continue the program for 1 year instead of 3 years (pp. 3271-3). An amendment by Rep. McCarthy, to specify a minimum wage for farm workers who are U. S. citizens, was ruled out of order (p. 3273).
2. INVESTIGATIONS. Agreed, as reported, to H. Res. 161, granting certain investigatory and subpoena powers to the Agriculture Committee (pp. 3235-6).
3. COLUMBIA RIVER. The Public Works Committee reported without amendment H. R. 4025, authorizing projects in the Columbia River Basin for flood control and other purposes (H. Rept. 270)(p. 3298).
4. MONOPOLIES. The Judiciary Committee reported without amendment H. R. 2237, to increase fines under the Sherman Anti-trust Act (H. Rept. 271)(p. 3298).
5. FOREIGN TRADE. Rep. Smith, Miss., spoke in favor of encouraging foreign trade and against high tariffs (pp. 3286-91).
6. ELECTRIFICATION. Rep. Jones, Ala., criticized a Farm Bureau recommendation for sale of Government generating plants and transmission lines and commended TVA (pp. 3295-7).
7. REPORTS. Received from this Department a report of obligations incurred in excess of amounts permitted by the administrative regulations, and from the Comptroller General a report on GAO work for the fiscal year 1952 (p. 3298).

SENATE

8. SUBMERGED LANDS. Continued debate on S. J. Res. 13, to establish State title to submerged lands (pp. 3221-58).
9. EXTENSION SERVICE. Received from this Department a proposed bill to consolidate Extension Service authorizations; to Agriculture and Forestry Committee (p. 3211).
10. ECONOMIC CONTROLS. Sen. Capehart received permission to submit a minority report (with Sens. Bricker, Bennett, and Goldwater) on S. 1081, providing authority for temporary economic controls (p. 3218).
11. INFORMATION. Sen. Daniels inserted his statement urging the President to revoke the executive order establishing a system of news censorship for all Federal agencies (pp. 3258-9).

BILLS INTRODUCED

12. COLUMBIA RIVER. S. 1633, by Sen. Martin, authorizing certain projects on the Columbia River for flood control and other purposes; to Public Works Committee (p. 3213).
13. MAIL. S. 1635, by Sen. Holland, to exempt State departments of agriculture and State marketing bureaus from the increase in postage rates on third-class mail in 1951; to Post Office and Civil Service Committee (p. 3213).
H. R. 4589, by Rep. Ford, to withdraw the privilege of free transmission of official mail matter from certain Government corporations and agencies; to Post Office and Civil Service Committee (p. 3298).
14. SUBMARGINAL LANDS. H. R. 4583, by Rep. Chatham, to amend Sec. 33 of the Bankhead-Jones Farm Tenant Act by striking out the sentence which restricts the use which a county may make of funds paid to it under that section; to Agriculture Committee (p. 3298).
15. FORESTRY. H. R. 4587, by Rep. Engle, to facilitate the development, maintenance and operating facilities for public use in the national forests; to Agriculture Committee (p. 3298).
H. R. 4588, to provide for issuance of campfire permits and to facilitate the development, maintenance, and operating facilities for public use in the national forests; to Agriculture Committee (p. 3298).
16. TRADE AGREEMENTS. H. R. 4590, by Rep. Frelinghuysen, and H. R. 4594, by Rep. Keating, to extend the authority of the President to enter into reciprocal trade agreements; to Ways and Means Committee (pp. 3298-9).
17. MONOPOLIES. H. R. 4597, by Rep. Reed, Ill., to authorize treble damages in private actions under the antitrust laws; to Judiciary Committee (p. 3299).

COMMITTEE HEARINGS RELEASED BY G. P. O.

18. APPROPRIATIONS for Federal Security Agency, 1954, part 1. H. Appropriations.
19. PRICE SUPPORTS for 1952 Maryland tobacco, H. R. 1432. H. Agriculture.
20. ECONOMIC CONTROLS, part 3, S. 753 and S. 1081. S. Banking and Currency.

S. 1646. A bill to amend section 301, Servicemen's Readjustment Act of 1944, to further limit the jurisdiction of boards of review established under that section.

The letter accompanying Senate bill 1646 is as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., January 5, 1953.

HON. ALBEN W. BARKLEY,

President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation, to amend section 301, Servicemen's Readjustment Act of 1944 to further limit the jurisdiction of boards of review established under that section.

This proposal is a part of the Department of Defense legislative program for 1953. The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation for the consideration of the Congress. The Department of Defense recommends that it be enacted.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to remove the review of punitive discharges or dismissals from the armed services as the result of court-martial sentences from the jurisdiction of the so-called Discharge Review Boards established under the provisions of section 301 of the Servicemen's Readjustment Act of 1944. The effect thereof would be to limit the jurisdiction of such boards to a review of administrative separations from the service and to limit the review of punitive discharges or dismissals, except as noted below, to the procedures prescribed in the Uniform Code of Military Justice (Public Law 506, 81st Cong.).

At the time of enactment of the Servicemen's Readjustment Act of 1944, the only discharges and dismissals from the Army, including the Air Corps, resulting from court-martial sentences were those based on sentences of general courts-martial, the review of which was expressly excluded from the jurisdiction of the discharge-review boards established under section 301 of that act. Title II of the Selective Service Act of 1948, the effective date of which was February 1, 1949, introduced the bad-conduct discharge to the Army and the Air Force as an additional punitive discharge. This bad-conduct discharge has been continued under the new Uniform Code of Military Justice for all three services; and it may be imposed by sentence of either a special or a general court-martial, whereas the dishonorable discharge may only be imposed by sentence of a general court-martial. Thus, a bad-conduct discharge, if imposed by a special court-martial, in addition to the reviews provided by the Uniform Code of Military Justice, is also subject to an additional review by a discharge-review board under section 301 of the Servicemen's Readjustment Act of 1944. As the Uniform Code of Military Justice clearly provides for the finality of court-martial judgments with appropriate appellate review, it is considered neither appropriate nor desirable that the additional review afforded by the Servicemen's Readjustment Act, in the case of bad-conduct discharge imposed by reason of special court-martial sentences, be continued in effect.

It should be noted that under section 12 of the act of May 5, 1950, the first section of which is the Uniform Code of Military Justice, the Judge Advocate General of any of the Armed Forces is authorized, inter alia, to substitute for a dismissal, dishonorable discharge, or bad-conduct discharge, a form of discharge authorized for administrative issuance, in any court-martial case involving an offense committed during the period of World War II and until May 31, 1951, provided the accused submits a petition before May 31, 1952, or within 1 year after completion of appellate review of his case, which-

ever is the later. In addition, the enactment of this proposal would not affect the review authority conferred by section 207 of the Legislative Reorganization Act of 1946, under which the Secretaries of the military departments, acting through boards of civilian officers or employees, may correct military or naval records where necessary to correct an error or remove an injustice. This authority has been considered to extend to the review and correction of entries in records resulting from the action of courts-martial and to the issuance of a new discharge. Thus, there are other means by which possible injustices resulting from punitive discharges may be corrected, in addition to the review authority presently afforded by section 301 of the Servicemen's Readjustment Act of 1944 in the case of bad-conduct discharges imposed by sentence of special courts-martial.

LEGISLATIVE REFERENCES

This proposed legislation was presented for the consideration of the 82d Congress as part of the Department of Defense legislative program for 1952. It was introduced in the House as H. R. 6769 and in the Senate as S. 2730, and it passed the House on May 5, 1952.

DEPARTMENT OF DEFENSE ACTION AGENCY

The Department of the Army has been designated as the representative of the Department of Defense for this legislation.

Sincerely yours,

ROGER KENT.

S. 1647. A bill to amend the act of August 3, 1950, as amended, to continue in effect the provisions thereof relating to the authorized personnel strengths of the Armed Forces.

The letter accompanying Senate bill 1647 is as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., January 5, 1953.

HON. ALBEN W. BARKLEY,

President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation, "To amend the act of August 3, 1950, as amended, to continue in effect the provisions thereof relating to the authorized personnel strengths of the Armed Forces."

This proposal is a part of the Department of Defense legislative program for 1953. The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation for the consideration of the Congress. The Department of Defense recommends that it be enacted.

PURPOSE OF THE LEGISLATION

The proposed legislation is designed to extend until July 31, 1958, the provisions of the act of August 3, 1950 (Public Law 655, 81st Cong.; 64 Stat. 408) as amended by section 3, 1951 Amendments to the Universal Military Training and Service Act (Public Law 51, 82d Cong.) which suspended until July 31, 1954, the limitation on the authorized active-duty personnel strength of the Armed Forces of 2,005,882, as well as other limitations on the authorized personnel strength of other components and branches of the Armed Forces.

In many respects the international situation under which this suspension was originally granted has not changed—at times it approaches the critical. The Armed Forces must achieve and maintain a strength commensurate with United States commitments, the world situation in general, and the capabilities of our allies. Operations in Korea must be aggressively supported and essential civil affairs and military government services must be provided in active combat areas under United States military commanders and in certain currently occupied areas. The Armed Forces must be assured of an adequate military capability necessary to support

United States foreign policy for a period which at this time is indefinite.

Failure to continue the suspension of the limitation on the authorized active-duty personnel strength of the Armed Forces would automatically force the strength of the Armed Forces downward to 2,005,882. This would mean the demobilization of approximately one-half of the active combat and supporting elements and cause our present commitments to be completely unacceptable from a military security point of view. It is believed that in view of the need for long-range Department of Defense planning in this area and the fact that the Department of Defense program for the fiscal year 1953 is based upon an active-duty personnel strength which is greatly in excess of 2 million, the further suspension of the authorized personnel strength of certain components and branches of the Armed Forces should be for a minimum of 4 years. The Congress has declared that an adequate strength must be achieved and maintained to insure the security of this Nation. The continued suspension of the limitations on the authorized active-duty strengths is essential to the achievement of that goal.

DEPARTMENT OF DEFENSE ACTION AGENCY

The Office of the Secretary of Defense is the representative of the Department of Defense for this legislation.

Sincerely yours,

ROGER KENT.

TITLE TO CERTAIN SUBMERGED LANDS—AMENDMENTS

Mr. IVES submitted amendments intended to be proposed by him to the amendment proposed by Mr. ANDERSON as a substitute for the committee substitute for the joint resolution (S. J. Res. 13) to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and to the natural resources within such lands and waters, and to provide for the use and control of said lands and resources, which were ordered to lie on the table and to be printed.

Mr. ANDERSON. Mr. President, I submit amendments intended to be proposed by me to the Senate Joint Resolution 13. The amendments follow a suggestion made yesterday by the junior Senator from Kansas [Mr. CARLSON] when he spoke about the rights of the State of Kansas.

The amendments provide that, if Senate Joint Resolution 13, granting 100 percent of all oil revenues from the various States to the States that happen to be on the coast, is passed, the same privilege shall extend to the States of the interior.

I ask unanimous consent that the amendments be printed in the RECORD.

There being no objection, the amendments intended to be proposed by Mr. Anderson to Senate Joint Resolution 13, were ordered to lie on the table and to be printed, and to be printed in the RECORD, as follows:

On page 19, line 14, insert "Titles I and II of", after "Nothing in."

At the end of such joint resolution insert the following new title:

"TITLE III

"REVENUES FROM PUBLIC LANDS

"SEC. 12. Notwithstanding any provisions of law other than those contained in this joint resolution—

"(a) Ninety percent of all revenues received after the date of the enactment of this joint resolution from any public land of the United States, including revenues from the sale, lease, or use of such lands or the products thereof, bonuses, rentals, royalties, permits, licenses, or any other source, shall be paid by the Secretary of the Treasury at the end of the fiscal year in which received to the State or Territory in which such land is situated to be used by such State or Territory for any purposes it may deem proper; and

"(b) Ten percent of all such revenues shall be covered into the Treasury of the United States as miscellaneous receipts."

Amend the title so as to read: "Joint resolution to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and to the natural resources within such lands and waters; to provide for the use and control of said lands and resources; to confirm the jurisdiction and control of the United States over the natural resources of the seabed of the Continental Shelf seaward of State boundaries; and for other purposes."

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H. R. 710. An act for the relief of Dr. Louis J. Seville;

H. R. 788. An act for the relief of Beryl Williams;

H. R. 813. An act for the relief of Jane Loraine Hindman;

H. R. 814. An act for the relief of Lt. Thomas C. Rooney, and Mrs. Thomas C. Rooney, his wife;

H. R. 888. An act for the relief of Francesca Servello;

H. R. 889. An act for the relief of Scarlett Scoggin;

H. R. 937. An act for the relief of the estate of Frank DeNuzzi and Cecelia Melnik Burns;

H. R. 1103. An act for the relief of Maria Buffoni and Emma Botta;

H. R. 1180. An act for the relief of Virgil N. Wing;

H. R. 1187. An act for the relief of Mother Anna DiGiorgi;

H. R. 1200. An act for the relief of Ronald J. Palmer and Ronda Kay Palmer;

H. R. 1456. An act for the relief of Susan Kay Burkhalter, a minor;

H. R. 1482. An act for the relief of Hildegard Schoenauer;

H. R. 1495. An act for the relief of Louis M. Jacobs;

H. R. 1517. An act for the relief of Corp. Predrag Mitrovich;

H. R. 1695. An act for the relief of Irene Proios (nee Vagianos);

H. R. 1752. An act for the relief of William Robert DeGraff;

H. R. 1769. An act for the relief of Oscar F. Brown;

H. R. 1887. An act for the relief of Marjorie Goon (Goon Mei Chee);

H. R. 1888. An act for the relief of Gary Matthew Stevens (Kazuo Omiya);

H. R. 1952. An act for the relief of Cecile Lorraine Vincent and Michael Calvin Vincent;

H. R. 2018. An act for the relief of Daryl L. Roberts, Ade E. Jaskar, Terrence L. Robins, Harry Johnson, and Frank Swanda;

H. R. 2176. An act for the relief of Norma Jean Whitten;

H. R. 2201. An act for the relief of Constantinos Tzortzis;

H. R. 2214. An act for the relief of Jaroslav, Bozena, Yvonka, and Jarka Ondricek;

H. R. 2368. An act for the relief of Richard E. Rughause;

H. R. 2881. An act for the relief of Mrs. Rosaline Spagnola;

H. R. 3012. An act for the relief of the Sacred Heart Hospital;

H. R. 3042. An act for the relief of Anna Bosco Lomonaco;

H. R. 3244. An act for the relief of Patricia Ann Dutches;

H. R. 3275. An act for the relief of the Bracey-Welsh Co., Inc.;

H. R. 3358. An act for the relief of Erna Meyer Grafton;

H. R. 3678. An act for the relief of George Prokofieff de Seversky and Isabelle Prokofieff de Seversky;

H. R. 3724. An act for the relief of Anthony Lynn Neis;

H. R. 3757. An act for the relief of Dorothy Kilmer Nickerson;

H. R. 3758. An act for the relief of Stavruia Perutsea; and

H. R. 3832. An act for the relief of Mrs. Orinda Josephine Quigley; to the Committee on the Judiciary.

H. R. 1127. An act to validate a conveyance of certain lands by the Central Pacific Railway Co., and its lessee, Southern Pacific Co., to the Union Ice Co. and Edward Barbera;

H. R. 1128. An act authorizing the Secretary of the Interior to issue to Jake Alexander a patent in fee to certain lands in the State of Alabama;

H. R. 1880. An act to authorize the sale of certain public lands in Alaska to the Catholic Bishop of Northern Alaska for use as a mission school;

H. R. 2154. An act authorizing the issuance of a patent in fee to Leona Hungry; and

H. R. 2364. An act to terminate restrictions against alienation on land owned by William Lynn Engles and Maureen Edna Engles; to the Committee on Interior and Insular Affairs.

H. R. 1780. An act for the relief of Edward F. Shea; and

H. R. 3276. An act for the relief of Mrs. Margaret D. Surhan; to the Committee on Finance.

TEMPORARY ECONOMIC CONTROLS—PERMISSION TO SUBMIT MINORITY OR INDIVIDUAL VIEWS

Mr. CAPEHART. Mr. President, I ask unanimous consent that, as a member of the Committee on Banking and Currency, I may submit my individual views, and that the Senator from Ohio [Mr. BRICKER], the Senator from Utah [Mr. BENNETT], and the Senator from Arizona [Mr. GOLDWATER] members of the Committee on Banking and Currency may submit minority views on the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, I hope the Senator from Indiana will not leave the room for a moment. I should like to repeat on the floor of the Senate what I said in committee, that no man could have been more fair, more open-minded, than was the distinguished Senator from Indiana in the hearings on the controls bill.

Mr. CAPEHART. I thank the Senator from Illinois.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. BUSH:

Address entitled "Justice for Poland," delivered over the radio by Hon. John Lodge Governor of Connecticut, before Polish American Congress, together with introductory remarks by Paul Flak.

By Mr. MUNDT:

Transcript of discussion of academic freedom on the American Forum of the Air, in New York City, April 12, 1953.

By Mr. BYRD:

Article regarding a memorial to Rochambeau, written by Charles Farmer, and published in the Washington Post of Sunday, April 12, 1953.

By Mr. MARTIN:

Editorial entitled "Two Different Things," published in the Oil City (Pa.) Derrick of April 13, 1953, relating to the St. Lawrence seaway and power project.

By Mr. THYE:

Editorial entitled "The Embarrassed Cow," published in the Farm Journal for May 1953, dealing with prices of dairy products.

OFFSHORE OIL—INCREASED INTEREST RATE ON LONG-TERM GOVERNMENT BORROWING—INCREASED COST OF HOME LOANS

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a commendatory article entitled "Offshore Oil," written by Mr. Marquis Childs, and published in this morning's Washington Post.

The article is an analysis of the argument made by the Senator from Illinois [Mr. DOUGLAS]. While I have the opportunity to present this very worthy article for the RECORD, I desire to commend the Senator from Illinois for what I consider to be one of the most brilliant presentations I have ever read, and part of which I heard, upon this very vital and important question.

I think the debates on the question of offshore oil have been outstanding, and my statement applies to both the proponents and the opponents of the Holland joint resolution.

I also ask unanimous consent to have printed in the body of the RECORD an article entitled "Eccles Warns of Economic Dangers," written by Marquis Childs, and published in the Washington Post of April 14, 1953.

This article points out that Marriner S. Eccles, a very distinguished American, and a former member of the Federal Reserve Board, and for some time Chairman of the Board, makes note of the fact that the economic pressures in the American economy at the present moment are deflationary rather than inflationary.

I note what Mr. Eccles has to say in regard to the recent decision of the Treasury Department increasing the interest rates on Government bond issues, namely, that the justification in the main, or at least the partial justification, is that at least some inflationary

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHT: House Rules Committee cleared cotton-exports insurance bill.

SENATE

1. SUBMERGED LANDS. Continued debate on S. J. Res. 13, to establish State title to submerged lands (pp. 4302-14, 4318-44). Sen. Anderson inserted a history of the public domain and tables showing receipts from national forests (pp. 4339-44).
2. ECONOMIC CONTROLS. The Banking and Currency Committee reported additional amendments to S. 1081, providing for temporary economic controls (p. 4302).
3. FOREIGN AID. Sen. Smith, N. J., spoke in favor of famine relief for Pakistan and inserted a statement by the State Department and the Mutual Security Agency on the problem (pp. 4302-4).
4. INTEREST RATES. Sen. Murray criticized the Government's "high interest rate policy" (pp. 4344-5).

HOUSE

5. COTTON EXPORTS. The Rules Committee voted to report a resolution for consideration of H. R. 4465, authorizing war-risk insurance for exported cotton, etc. (p. D341).
6. EXPORT CONTROL. The Banking and Currency Committee voted to report H. R. 4882, to continue authority for export control, and the Rules Committee voted to report a resolution for consideration of the bill (p. D341).

ITEMS IN APPENDIX

7. TREATIES. Sen. Bricker inserted several newspaper editorials favoring his measure, S. J. Res. 1, restricting the President's treaty-making power (pp. A2383-4).
8. SOIL CONSERVATION. Rep. Simpson, Ill., inserted a newspaper editorial discussing soil conservation methods and costs and urging farmers to build up their soil (p. A2386).

9. FLOOD CONTROL; ELECTRIFICATION. Extension of remarks by Sen. Kefauver opposing cuts in estimates for Old Hickory Dam (pp. A2388-9). He also inserted his recent speech favoring TVA and additional electric-power plants (pp. A2384-6).

BILL INTRODUCED

10. AGRICULTURAL FAIRS. H. R. 4849, by Rep. Hillings, would exempt agricultural fairs from the Federal admissions tax; to Ways and Means Committee (Apr. 24).

COMMITTEE HEARINGS RELEASED BY GPO

11. ORGANIZATION. Creation of commissions to study Federal reorganizations and Federal-State relations, S. 106, S. 526, S. 1328, S. 1514. S. Government Operations.

BILL APPROVED BY THE PRESIDENT

12. DAYLIGHT-SAVING TIME. S. 1419, to authorize the D. C. Commissioners to establish daylight-saving time for D. C. each year. Approved Apr. 28 (Public Law 22, 83rd Cong.).

COMMITTEE HEARING ANNOUNCEMENTS FOR APR. 30; Farm exports-imports, S. Agriculture (Reed, PMA, and Davis, FAS, to testify). Conservation in general, H. Agriculture. Leave for U. S. employees, H. Post Office and Civil Service. East-West trade, H. Foreign Affairs (Stassen to testify). State, Justice, Commerce Appropriation bill, H. Appropriations, full committee (exec).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Rm. 105A.

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United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 83^d CONGRESS, FIRST SESSION

Vol. 99

WASHINGTON, WEDNESDAY, APRIL 29, 1953

No. 77

House of Representatives

The House was not in session today. Its next meeting will be held on Thursday, April 30, 1953, at 12 o'clock noon.

Senate

WEDNESDAY, APRIL 29, 1953

(Legislative day of Monday, April 6, 1953)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

We praise Thee, our Father, for this world and its witness of Thee: For sunshine, wind, and rain; for the boundless sea and the everlasting hills; for high sailing clouds and clear shining stars; for springing grass and flowers; and for stately trees that lift their leafy arms to pray. Help us to drink to the full of the beauty and strength of the world and to know that they come from Thee as the gifts of Thy love to us.

We praise Thee for the sacrament of life: For its great adventure, its glorious opportunities, its zeal, its triumph, even its seeming defeats; for the things that point beyond ourselves to a spiritual realm from which they take their rise; for the failures that quicken better hopes; for unfulfilled desire that anchors us to Thee; and for all ministries of the infinite, as the beauty of common things and the light of heaven upon daily tasks lift our climbing feet to the vestibule of Thy glory. Amen.

THE JOURNAL

On request of Mr. TAFT, and by unanimous consent, the reading of the Journal of Tuesday, April 28, 1953, was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his

secretaries, and he announced that on April 28, 1953, the President had approved and signed the act (S. 1419) to permit the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed a bill (H. R. 4828) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1954, and for other purposes, in which it requested the concurrence of the Senate.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. TAFT, and by unanimous consent, the Subcommittee on Investigations of the Committee on Government Operations was authorized to meet during the session of the Senate today.

On request of Mr. TAFT, and by unanimous consent, the Committee on Labor and Public Welfare was authorized to meet during the session of the Senate today.

On request of Mr. LANGER, and by unanimous consent, the Subcommittee on Internal Security of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

ADDITIONAL USE OF GOVERNMENT MOTOR VEHICLES AT CERTAIN INSTALLATIONS

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize additional use of Government motor vehicles at isolated Government installations, and for other purposes (with accompanying papers); to the Committee on Government Operations.

REPORT OF NATIONAL TRUST FOR HISTORIC PRESERVATION

A letter from the Secretary, National Trust for Historic Preservation, Washington, D. C., reporting, pursuant to law, on the activities of that organization for the fiscal year 1952 (with accompanying papers); to the Committee on Interior and Insular Affairs.

FEDERAL MOTOR FUEL TAX—RESOLUTION OF VERMONT LEGISLATURE

Mr. FLANDERS. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution of the Legislature of Vermont, relating to the Federal motor fuel tax. The resolution is signed by the speaker of the house of representatives and the president of the senate, and the Governor of Vermont.

There being no objection, the resolution was referred to the Committee on Finance, and, under the rule, ordered to be printed in the RECORD, as follows:

Whereas highways of the country, including the streets and bridges, are by tradition and by law the property and responsibility of the State and the subdivisions thereof; and

Whereas taxation of motor fuel traditionally has been relied upon by the States to procure a major part of the revenue necessary to construct and maintain their State highways and local roads, and the Federal Government, by the continued imposition of its levy of 2 cents per gallon, is usurping a tax field which should be reserved to the States; and

Whereas the Federal Government imposed its automotive taxes as temporary emergency measures during the early 1930's, but has continued these taxes in effect ever since at increasing rates; and

Whereas the motorists of this country are now paying \$5 billion a year in State and Federal motor-vehicle and gasoline taxes, of which \$850 million is paid out for Federal gasoline tax; and

Whereas it has been recognized by the Council of State Governments and the Governors' Conference that this burden of Federal gasoline tax seriously impairs the ability of the States to carry out their highway programs: Now, therefore, be it

Resolved by the senate and house of representatives, That the Legislature of Vermont urgently requests that the Federal Government retire immediately from the field of motor-fuel taxation; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States, to every member of the Vermont delegation in Congress, to the chairman of the Ways and Means Committee of the United States House of Representatives, and to the chairman of the Finance Committee of the United States Senate, and that the Governor of Vermont is urged to advise all members of the Vermont delegation in Congress of the importance of this matter and to send a suitable representative of the State to appear before the appropriate committees of Congress for the purpose of urging that the Federal tax on motor fuel be eliminated.

CONSUELO I. BAILEY,

Speaker of the House of Representatives.

JOSEPH B. JOHNSON,

President of the Senate.

Approved April 21, 1953.

PAUL E. EMERSON,

Governor.

TEMPORARY ECONOMIC CONTROLS — ADDITIONAL AMENDMENTS REPORTED

Mr. CAPEHART, from the Committee on Banking and Currency, reported additional amendments to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, which were ordered to be printed.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KEFAUVER:

S. 1798. A bill for the relief of Charles Peroulas; to the Committee on the Judiciary.

By Mr. BEALL:

S. 1799. A bill for the relief of Giuseppe Scalia; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado (by request):

S. 1800. A bill to amend title II of the Railway Labor Act so as to provide that all employees of an air carrier shall be included in determining bargaining units for flight crews and aircraft dispatchers, and for other purposes; to the Committee on Labor and Public Welfare.

TITLE TO CERTAIN SUBMERGED LANDS—AMENDMENTS

Mr. LEHMAN submitted an amendment in the nature of a substitute, intended to be proposed by him to the joint resolution (S. J. Res. 13) to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and to the natural resources within such lands and waters and to provide for the use and control of said lands and resources, which was ordered to lie on the table and to be printed.

Mr. LANGER submitted an amendment intended to be proposed by him to Senate Joint Resolution 13, supra, which was ordered to lie on the table and to be printed.

INCREASED TRANSPORTATION RATES—AMENDMENT

Mr. TOBEY (by request) submitted an amendment in the nature of a substitute, intended to be proposed by him to the bill (S. 1461) to amend the Interstate Commerce Act, as amended, concerning requests of common carriers for increased transportation rates, which was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

HOUSE BILL REFERRED

The bill (H. R. 4828) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1954, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

NOTICE OF HEARING ON NOMINATIONS OF JULIUS J. HOFFMAN AND WIN G. KNOCH TO BE UNITED STATES DISTRICT JUDGES FOR THE NORTHERN DISTRICT OF ILLINOIS

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, May 6, 1953, at 10 a. m., in room 424, Senate Office Building, upon the nominations of Julius J. Hoffman and Win G. Knoch, of Illinois, to be United States district judges for the northern district of Illinois, to fill new positions. At the indicated time and place all persons interested in the nominations may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Tennessee [Mr. KEFAUVER].

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. DANIEL:

Statement by Senator JOHNSON of Texas of his faith in America.

By Mr. KEFAUVER:

Address delivered by him at Gallatin, Tenn., on April 25, 1953, at a rally in celebration of the 20th anniversary of the Tennessee Valley Authority.

Correspondence between him and the district engineer at Nashville, Tenn., regarding a proposed budgetary cut in connection with the Old Hickory Dam project, on the Cumberland River.

By Mr. WILEY:

Statement by him and transcript of the Youth Wants To Know program, featuring Chancellor Konrad Adenauer, of the West German Federal Republic.

By Mr. BRICKER:

Editorial and newspaper endorsement of the Bricker amendment (S. Res. 1) curbing the President's treaty-making power, as follows: Editorial entitled "Too Much Power," published in the Seattle Post Intelligencer of April 4, 1953; editorial entitled "Chain This Unbridled Power," published in the Indianapolis Star of April 12, 1953; and an article entitled "BRICKER's Amendment Will Grant Congress Authority It Deserves," written by Raymond Moley.

By Mr. LEHMAN:

Editorial entitled "Definition of Tyranny," published in the Washington Post of April 28, 1953.

THE DANGER OF FAMINE IN PAKISTAN

Mr. SMITH of New Jersey. Mr. President, recently we have been much concerned about the reported danger of famine in Pakistan. I have asked the Mutual Security Administration to investigate carefully the Pakistan situation as a preliminary to suggesting such action by the Congress as might seem appropriate.

I have now received a memorandum, prepared jointly by the Department of Mutual Security and the Department of State, which presents the facts of the situation and explores possible moves to remedy the problem. I shall ask unanimous consent to insert the memorandum in the RECORD at the close of my remarks. I have also been advised that a mission under the chairmanship of Dr. Harry Reed, of Purdue University, is leaving soon to make an on-the-spot survey of the Pakistan wheat situation. The mission is to report as soon as possible to the Secretary of State and the Director of Mutual Security.

I feel that the administration is acting vigorously and speedily to deal with this difficult situation. The American people never wish to stand idly by when they can help any people plagued by famine. In this case our interest is especially great. Pakistan is a great friend of the United States.

I have joined with my friend and colleague, Representative JAVITS, of New York, who has been active on this question in the House, in urging that this investigation by the administration be made. It is my intention, and that of Representative JAVITS, to sponsor in our respective Houses such legislation as is shown by Dr. Reed's report to be required.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 13, 1953

For actions of May 11-12, 1953

83rd-1st, Nos. 85
and 86

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate committees reported: 1st independent offices appropriation, farm bankruptcy, Extension Service consolidation, and Mexican farm-labor bills. Sens. Kerr, Morse and others criticized USDA for increased interest rates on price-support loans, falling farm prices, etc. Senate debated temporary economic-controls bill. Senate committee adopted motion to include Alaska in Hawaii statehood bill. House took final congressional action on export-insurance bill.

HOUSE - May 11

1. RESEARCH. The Interstate and Foreign Commerce Committee reported with amendment H.R. 4689, to Amend the National Science Foundation Act of 1950 (H. Rept. 374) (p. 4906).
2. EXPORT INSURANCE. Concurred in Senate amendment on H.R. 4464, to amend the Export-Import Bank Act to insure exported cotton and other products against war risk. This bill will now be sent to the President. (p. 4906).
3. CHEESE. Rep. Harrison spoke on the swiss cheese produced in Wyoming (p. 4907).
4. FOREIGN TRADE. Rep. Eberharter spoke against the Simpson bill, H.R. 4294, to extend the reciprocal trade agreements authority, stating that "it seeks to insure a complete abandonment of our reciprocal trade agreements program as we have known it" (pp. 4909-11).
5. FARM CREDIT. Rep. Patman urged the support of Government bonds at par, and inserted a Senate Resolution on this subject discussing the danger of increased interest rates to the farm program (p. 4908-09).
6. FLOOD CONTROL. Received a Kansas Food Dealers Association petition urging the building of ample flood protection (p. 4914).

HOUSE - May 12

7. FOREIGN AFFAIRS. Received the Foreign Affairs Committee report of the Special Study Mission to Pakistan, India, Thailand and Indochina (H. Rept. 412) (p. 4988).
8. SUBMERGED LANDS. The Judiciary Committee reported without amendment H.R. 5134, to amend the Submerged Lands Act (H. Rept. 413). The House Rules Committee reported a rule for 2 hours of debate on this bill, and one providing for House agreement to Senate amendments to H.R. 4198, the submerged lands bill (p. 4988).
9. DEFENSE PRODUCTION. The Banking and Currency Committee announced tentatively that hearings would begin on Wed., May 20, on the extension of the Defense Production Act (p. D397).

SENATE - May 12

10. APPROPRIATIONS. The Appropriations Committee reported with amendments H.R. 4663, 1st independent offices appropriations bill, 1954 (S. Rept. 237) (p. 4918). Sen. Taft said, "I think I can assure the Senator Saltonstall that the appropriation bill can be handled on Thursday" (p. 4919). The Rules and Administration Committee reported with amendment S. Con. Res. 8, providing for a consolidated general appropriation bill (S. Rept. 267). Sen. Hayden was granted permission to file individual views on this measure (p. 4919).
11. EXTENSION SERVICE. The Agriculture and Forestry Committee reported without amendment S. 1679, to consolidate Extension Service authorizations (S. Rept. 266) (p. 4919).
12. FARM LABOR. The Agriculture and Forestry Committee reported with amendments H.R. 3480, to extend for 3 years the availability of Mexican farm labor (S. Rept. 264) (p. 4919).
13. FARM BANKRUPTCY. The Judiciary Committee reported with amendments S. 25, to amend the Bankruptcy Act so as to provide for farmer-debtor relief (S. Rept. 265) (p. 4919).
14. FLOOD CONTROL. The Public Works Committee reported with amendments S. 261, granting consent and approval of Congress to the Connecticut River Flood Control Compact (S. Rept. 236) (p. 4918).
15. FLAG. The Judiciary Committee reported with amendments S. 694, to prohibit the display of flags of international organizations or other nations in equal or superior prominence or honor to the U. S. flag, except under specified circumstances (S. Rept. 258) (p. 4918).
16. STATEHOOD. The Interior and Insular Affairs Committee adopted by an 8 to 7 vote, an Anderson amendment to H. R. 3575, incorporating S. 50, granting statehood to Alaska, into the Hawaii statehood bill (p. D394-5).
17. ECONOMIC CONTROLS. Began debate on S. 1081, providing for temporary economic controls (pp. 4922-56).
18. INTEREST RATES; FARM PRICES. Sens. Kerr, Morse and others criticized USDA for increasing interest rates on price-support loans, and falling farm prices, and the Export-Import Bank for increasing interest rates on export commodity loans (pp. 4956-64).

Mr. DOUGLAS submitted an amendment intended to be proposed by him to Senate bill 1081, *supra*, which was ordered to lie on the table and to be printed.

HELMUTH WOLF GRUHL— AMENDMENT

Mr. MILLIKIN submitted an amendment intended to be proposed by him to the bill (H. R. 1334) for the relief of Helmuth Wolf Gruhl, which was ordered to lie on the table and to be printed.

NOTICE OF HEARING ON NOMINATION OF DALLAS S. TOWNSEND TO BE AN ASSISTANT ATTORNEY GENERAL

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, May 19, at 10 a. m., in room 424, Senate Office Building, upon the nomination of Dallas S. Townsend, of New Jersey, to be an assistant attorney general, vice Harold I. Baynton, resigned. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Tennessee [Mr. KEFAUVER].

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. YOUNG:

Radio addresses on the agricultural situation delivered by Senator THYE and Senator MUNDT broadcast by a network of stations in North Dakota, Minnesota, and Montana.

By Mr. WILEY:

Article regarding the St. Lawrence seaway, written by him, and published in the *Heartland* magazine.

Article entitled "Germany Still Faces Woes Despite Energy and Purpose," written by Crosby S. Noyes, and published in the *Washington Sunday Star* of May 3, 1953.

By Mr. MAYBANK:

Address entitled "Educating Ourselves for Peace and Freedom," delivered by Mr. Bernard M. Baruch at the Charter Day exercises of the College of the City of New York in New York on May 7, 1953.

By Mr. LEHMAN:

Excerpt from speech entitled "Rational Inquiry and the Triumph of Wisdom," delivered by Judge Learned Hand at 86th convocation of the University of the State of New York, Albany, N. Y., October 24, 1952.

Resolutions on human rights, anti-Semitism, religious persecution, and immigration, adopted by the executive committee of the American Jewish Committee.

By Mr. BENNETT:

Address delivered by Bryant S. Hlnckley upon the occasion of appointment of William R. Wallace to the Utah Hall of Fame, Salt Lake City, Utah, April 8, 1953.

By Mr. GEORGE:

Series of articles by Crosby S. Noyes, under the heading "Is NATO Worth It?" published

in the *Washington Evening Star* for May 7, May 8, and May 10, 1953, which will appear hereafter in the Appendix.

By Mr. FULBRIGHT:

Article entitled "The Fulbright Program," written by Francis A. Young, executive secretary, Committee on International Exchange of Persons, Conference Board of Associate Research Councils, and published in the *New Report*, National Academy of Sciences, National Research Council, for March-April, 1953.

By Mr. IVES:

Editorial entitled "Mr. Herzog Resigns," published in the *Washington Evening Star* of May 5, 1953.

By Mr. GILLETTE:

Article entitled "McKay's Gift to Idaho Power Co.," written by Thomas L. Stokes, and published in the *Washington Evening Star* of May 8, 1953.

By Mr. JOHNSON of Colorado:

Two statements dealing with educational television channel reservations.

By Mr. KILGORE:

Editorial entitled "A Question of Immunity," published in the *Wall Street Journal* of May 11, 1953.

By Mr. BUSH:

Article entitled "At Last—A Lender's Market," written by David Lawrence and published in the *Washington Evening Star* of May 11, 1953.

IMPOSSIBILITY OF BALANCING THE BUDGET—CABINET VOTE SUPPORTING CONSTRUCTION OF ST. LAWRENCE SEAWAY

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the body of the *RECORD* a letter this day received from a prominent, lifelong Republican who has substantial interests in West Virginia, Maryland, and the District of Columbia. The communication briefly discusses two articles which appeared in adjoining columns of the *New York Times*. One of these refers to a statement made by the distinguished Secretary of the Treasury relative to the impossibility of balancing the budget; the other to the action of the Cabinet in voting to support the hundred-million-dollar seaway canal. The author of the letter modestly shuns publicity. Consequently, his name and post-office address will not be printed.

There being no objection, the letter was ordered to be printed in the *RECORD*, as follows:

DEAR SENATOR NEELY: Two very revealing articles in connection with the present administration appeared side by side in the *New York Times* of Saturday, May 9.

One article bore the headline "Humphrey Asserts Defense Costs Bar Balanced Budget." This article went on to recite Secretary of the Treasury Humphrey's appearance before the Senate Foreign Relations Committee and of his expressions of grief over the fact that not only had he learned the budget could not be balanced but that the present statutory limit of the national debt of \$275 billion would likely have to be increased.

Next to this article was one entitled "Full Cabinet Vote Supports Seaway at \$100 Million Cost."

The so-called St. Lawrence seaway is Mr. Humphrey's particular baby. As president of the M. A. Hanna Co., he led a small group of Midwest steel operators into investing in an iron-ore development in Labrador-Quebec. And he has been the ringleader in the movement to have this country build the seaway-canal as a means of giving these interested

companies a competitive advantage in the movement of this ore to their plants. Undoubtedly, he was the most persuasive influence in the action of the Eisenhower Cabinet in endorsing this project.

Mr. Humphrey, while lamenting the fact that there can be no tax reduction for the American people, is perfectly willing to add to the national indebtedness for a project in which he is personally interested. If this is the spirit of the new administration which promised so much and is delivering so little, I think the American people should be informed about it.

STABILITY IN CREDIT MANAGEMENT

Mr. MURRAY. Mr. President, I ask unanimous consent to have inserted in the body of the *RECORD* at this point, in connection with my remarks, an exceedingly important editorial which has just appeared in the May 9 issue of *Business Week*. This editorial is entitled "Time To Ease the Money Squeeze." In it, the editors of *Business Week* suggest that it is time for the Federal Reserve to ease up a little on its tight money policy. *Business Week* further states: "We are glad to know the brakes work, but we don't want to go through the windshield."

I should like to urge that this editorial be read carefully by all Members of the Senate.

There being no objection, the editorial was ordered to be printed in the *RECORD*, as follows:

TIME TO EASE THE MONEY SQUEEZE

For more than 2 years the Federal Reserve System has been pursuing a restrictive credit policy designed to combat inflation.

It began in March 1951 by withdrawing from the Government bond market the rigid price-support pegs it had been maintaining since 1942. It followed this with a policy that checked the creation of additional bank reserves, thereby limiting the power of the member banks to expand loans and investments. Finally, early this year it raised the rediscount rate, thus increasing the cost of borrowed reserves to the commercial banks and still further inhibiting bank lending.

This has resulted in a fall in the price of Government bonds that has carried the Victory 2½s down from above par to almost 92 last week. With over \$3.8 billion of that issue outstanding, the aggregate market depreciation suffered by holders of that one issue alone now totals about \$350 million.

As the price of governments has dropped, the market prices of all other high-grade bonds have likewise dropped. Every bank insurance company, and other moneyed institution has an unrealized depreciation in its bond portfolio that feels like a lump of lead in the stomach and results in freezing a portion of the assets of these institutions. The cost of borrowing—whether in the new issue market or at the banks—is now higher than it has been since the panic year 1933. For some time now bankers, in their colloquial way, have been saying to themselves and their customers that money is "damned tight."

MISSION ACCOMPLISHED

In short, the Federal Reserve System has accomplished what it set out to do. It has put an end to the easy money policy, thus halting the inflationary trend that so long held sway; it has applied brakes to the great postwar defense boom; it has put the fear of God into the money markets of the country.

For all this, we applaud the money managers. We were among those who urged

this course long before it was adopted. We predicted it would be effective. It has been. Now we think the time has come to take another look at the program.

The great limitation of credit management is that it is a good deal easier to halt an inflation than it is to check a deflation once started. There is sound reason for believing that the threat of dangerous inflation has been removed for the present. For example, farm prices have declined some 17 percent from their peak in March 1951; in the last year alone, the farm index has dropped 10 points, and now stands a full 7 points below parity. And prices of other commodities have slowly but steadily weakened. The result is reflected in the cost-of-living index, which for a considerable period has been stable.

Federal Reserve policy is not alone responsible for this. The whole trend of the Eisenhower administration has been to reverse the inflationary policies of its predecessors. Government spending for defense and foreign aid is being drastically cut; Government employees are being discharged; the activities of Government bureaus are being curtailed. Spending programs, such as those for public housing and public works, are being cut down or cut out.

THE GOAL: STABILITY

This sound-money approach is badly needed and was past due. At the same time it must be recognized that all these factors coming together tend in the same direction. They are anti-inflationary, which is another way of saying that they are deflationary. The goal of credit management is, of course, neither inflation nor deflation; it is economic stability. That means the golden rule for central bankers is the antique motto: "Nothing in excess."

Events in the money market last week seemed to us to be saying pretty plainly that we may be overdoing this tight-money business. The victory 2½'s, as we have mentioned, went to 92 contrasted with a high of 106½ in 1946. The leading banks raised their rates for prime short-term commercial borrowers to 3¼ percent—highest in a generation. And the United States Treasury suffered the ignominy of seeing its first big refunding issue, the new Humphrey 3¼'s, go to a discount before they had even been issued.

All these events suggest that it is time for the Federal Reserve to ease up a little on its tight-money policy. We are glad to know the brakes work, but we don't want to go through the windshield.

EXECUTIVE MESSAGES REFERRED

Mr. TAFT. Mr. President, I ask unanimous consent, as in executive session, that the Chair lay before the Senate messages from the President of the United States submitting nominations.

The PRESIDING OFFICER (Mr. BRICKER in the chair). Is there objection to the request of the Senator from Ohio? The Chair hears none, and as in executive session, the Chair lays before the Senate messages from the President of the United States, which the clerk will read.

The legislative clerk read as follows:

THE WHITE HOUSE.

NOMINATIONS SENT TO THE SENATE ON
MAY 12, 1953

Adm. Arthur William Radford, United States Navy, for appointment as Chairman of the Joint Chiefs of Staff in the Department of Defense; and

Gen. Matthew Bunker Ridgway, United States Army, for appointment as Chief of Staff, United States Army.

The PRESIDING OFFICER. The nominations will be referred to the Committee on Armed Services.

Mr. TAFT. Mr. President, I wish to announce that the President will appoint Admiral Carney to succeed Admiral Fechteler as the Navy member of the Joint Chiefs of Staff.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. STENNIS. When is the appointment of Admiral Carney to be effective?

Mr. TAFT. I do not know about the appointment of Admiral Carney. The appointments of the other two officers will take effect in August.

Mr. STENNIS. The appointment of the other Chairman will not expire for 2 years.

Mr. TAFT. I do not know about that, but the other two officers will take office in August.

Mr. STENNIS. I thank the Senator from Ohio.

TEMPORARY ECONOMIC CONTROLS

Mr. TAFT. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1081, Calendar 138, a bill to provide authority for temporary economic controls, and for other purposes.

The VICE PRESIDENT. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. The bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Ohio.

Mr. SMITH of North Carolina. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SMITH of North Carolina. What is the status of Senate bill 16, to amend the immunity provision relating to testimony given by witnesses before either House of Congress or their committees, which was the unfinished business when the Senate adjourned on Friday last?

The VICE PRESIDENT. It will come before the Senate automatically at 2 o'clock.

Mr. TAFT. Mr. President, I propose to renew my motion at 2 o'clock. My intention is to move to set aside the bill dealing with the question of the immunity bath, for several reasons.

A number of Senators have expressed great doubt about it. They desire more time to consider it.

I have received a communication on the subject from the Attorney General.

The distinguished author of the bill [Mr. McCARRAN] is to be absent from the Senate for nearly 2 weeks.

On Friday afternoon the first request I received in this connection was that the bill be passed over until the Senator from Nevada returned to the Chamber. Later he changed his mind, and asked that consideration of the bill be continued.

Under all the circumstances I think it would be better to lay the bill aside temporarily. I can assure the Senator

from North Carolina that within 2 weeks, or a reasonable time, I shall move to take up the bill again.

Mr. MORSE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. The motion of the Senator from Ohio is not debatable.

Mr. TAFT. It is not debatable at this time. It would be at 2 o'clock.

The VICE PRESIDENT. Does the Senator from North Carolina have any further parliamentary inquiries?

Mr. SMITH of North Carolina. Mr. President, what is the pending motion?

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Ohio [Mr. TAFT] that the Senate proceed to the consideration of Senate bill 1081, a bill to provide authority for temporary economic controls, and for other purposes.

Mr. TAFT. A really effective motion cannot be made until 2 o'clock. This is only temporary.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Ohio.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, which has been reported from the Committee on Banking and Currency with an amendment.

PERSONAL STATEMENT BY SENATOR MARTIN

The VICE PRESIDENT. Morning business is closed.

Under the unanimous-consent agreement previously entered into, the Senator from Pennsylvania [Mr. MARTIN] is recognized for 10 minutes on a question of personal privilege.

Mr. MARTIN. Mr. President, 55 years ago yesterday I took my first oath as a soldier of the United States. I have repeated that oath many times since, and have always been proud of the opportunity to do so. I cannot see how any American can hesitate when called upon to take an oath of allegiance to this country.

Three other Members of this body wore the khaki uniform of Uncle Sam in those days, and I ask the indulgence of the Senate while I salute my comrades of the Spanish-American War—the distinguished senior Senator from Rhode Island [Mr. GREEN], the distinguished junior Senator from Iowa [Mr. GILLETTE], and the distinguished junior Senator from West Virginia [Mr. NEELY].

When I took the oath as a soldier for the first time the national debt of the country was a little more than \$1,200,000,000, or a per capita of \$16.77.

The population of the United States was a little under 76,000,000.

There were 200,000 Federal employees.

In that year, 1898, the national income was a little more than \$15 billion, and the money in circulation was less than \$2 billion.

At that time there were 45 stars in the flag, representing the Union of 45 sovereign States.

At that time there were less than 1,000 automobiles in the world. There were dreamers who thought that some day we might travel in the air. There was no thought of radio or television.

There was not a single mile of paved road in the United States. Less than one-fourth of the homes of the country were equipped with plumbing. Practically every house had its own source of water supply.

There was practically no preventive medicine. Each year there was a heavy toll from fevers, pneumonia, measles, and diphtheria. Very little progress had been made toward modern sanitation.

Many people still lived in log and sod houses and miner's cabins. The greater number of our people still maintained themselves by work on the farm. There were few labor-saving devices. Mining, farming, and work in the mills was only for the physically fit.

A very small majority of our young people had the opportunity to complete a high school education, and only a few were able to go to college.

The intense feeling between the North and the South still existed.

The Regular Army of the United States consisted of 25,000 officers and men, and the National Guard of the United States less than 200,000 men.

The pay of a private soldier was \$13 a month, but it was paid in gold and silver. The currency of the United States commanded a premium all over the world.

The food of a soldier was based on meat, beans, potatoes, and hardtack.

It took a troop train 8 days and 8 nights to cross the continent, and soldiers were carried in second-rate day coaches.

It required 30 days to go from San Francisco to the Philippine Islands.

We are now the greatest power of all history. Our Capital City is the center of the world. While we possess only 7 percent of the world's population and area, yet we produce more than half of the world's goods.

But with all these superior advantages we are confronted with great responsibilities and difficulties.

We are in a great cold and hot war to determine whether our form of government, which has produced the finest living standards and the highest cultural and spiritual attainments of any nation of all history, can endure.

What is confronting us now?

We have inflation and a dollar depreciated to one-half of its value only a decade ago.

We have a Federal debt of more than \$260 billion, or more than the combined debt of 75 other nations of the world, including Soviet Russia.

The debt of State and local governments is the highest in all history, and State and local governments are continuously asking for more taxes.

Individual indebtedness is the highest in the history of the United States.

The taxes imposed on the American people are greater than the combined taxes of 75 other nations of the world, including Soviet Russia.

Our high taxes are destroying the incentive of our people to work, to save, and to invest in productive enterprise. They are a barrier to the expansion of industry, without which we cannot have more employment and greater production.

What is there for us to do?

We must all work for economy in Government.

We must have sound fiscal policies at all levels of Government—Federal, State, and local. Government should be on a pay-as-you-go plan. Government should be on a business basis.

We must have a stable dollar, supported by a free economy, producing plenty of things to buy with the money that we possess.

Our fathers and mothers, in the development of this great country, carried with them the ax, the rifle, and the Holy Bible.

The ax is the symbol of work and self-reliance.

The rifle symbolizes the individual responsibility of every American to defend the way of life we are privileged to enjoy.

The Bible calls for faith in the Greater Power that rules the world and will protect those of courage, understanding, and righteousness.

America will solve the great problems confronting us—financial and moral—if we get back to those humble ideals.

There are certain characteristics that have made America great. They are courage, freedom, justice, temperance, tolerance, faith, hope, and love of God. These characteristics, practiced by the individual, are the strength of our Nation.

Let us fill our knapsacks with those noble ideals and march forth, as have the men of every generation, in the defense of our country.

We must always remember that a Republic is the most difficult form of government to sustain. Its success or failure depends upon the attitude and work of the people themselves. Let us remember always that God stands at the portals of destiny. If we obey His laws, our work will be crowned with success.

TEMPORARY ECONOMIC CONTROLS

The Senate resumed the consideration of the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

Mr. CAPEHART. Mr. President, the Senate is considering what is known as Senate bill 1081, a bill to extend the present Defense Production Act, passed originally in 1950, as a result of the Korean war. The Committee on Banking and Currency reported the bill favorably by a vote of 12 to 3.

The bill eliminates some of the titles of the existing act, extends other titles, corrects some of the technical errors which we found in the act, and adds a new title, known as title VIII.

The Committee on Banking and Currency held extensive hearings over a period of 4 weeks. It heard possibly 150 witnesses.

Of course, controls are never pleasant, and no one likes controls, or legislation permitting their imposition.

The Committee on Banking and Currency, which was called upon to act on price, wage, and rent controls, as well as other features of our control legislation, had a very disagreeable job to do, but it realized it is a job that must be done. I want to say that I, as chairman, and the other members of the committee, accepted our responsibility by holding extensive hearings, and I wish personally to thank every member of the committee for the cooperation he gave the chairman and the hard work that was done on the pending bill by every member of the committee.

I do not believe there exists any controversy on any portion of the bill except with reference to the new title VIII.

I have just gone over the amendments which have been submitted by Members of the Senate, and I find that all of the amendments submitted up to this time deal with title VIII.

There was very little disagreement among the members of the committee with regard to any of the features of the bill other than title VIII, except with reference to rent controls, and of course, the rent control feature was handled about two weeks ago by the passage of another bill which the President has signed into law. As a result of this action your committee subsequently reported a committee amendment which strikes out the language which has to do with rent control on page 27 line 3 of the bill through line 19 on page 30 from the bill. Therefore, the question of rent control is not involved in the pending legislation.

I shall go through the bill in a moment, title by title, and explain exactly what the committee did. I shall be very happy to answer any questions which any Senator cares to ask me as I go along with the explanation.

With reference to the new title VIII, which permits the President of the United States to freeze prices, wages, and rents, for a period of 90 days in case of a serious emergency, we found among the witnesses, as we did among members of the committee, and as we learned from the press and other sources, possibly four schools of thought on that subject.

First, we found the school of thought—and testimony was given regarding it—of those who are in favor of what might be called a detailed standby-control bill or a bill in which Congress would spell out every phase of a control statute, in the same manner in which Congress would be asked to act, in my opinion, if our country were faced with a great war. We had much testimony on that question from very responsible persons, who felt that Congress should enact such a detailed standby-control bill. That feeling is shared by many people in the United States. Of course the committee did not recommend the enactment of such a bill.

There is a second school of thought, as we found from the witnesses, who appeared before the committee and from the members of the committee, which argues and takes the position that if a

serious emergency should confront the United States, Congress would at such a time have sufficient time to meet and pass the needed legislation.

Some witnesses before the committee—and they were in the minority—took the position that even in a great war or in a serious emergency or in an emergency situation in which the Government takes a great percentage of our national product—for instance, as much as 50 or 60 percent of many of the items our economy produces—even under those circumstances, the Federal Government should not have the authority to control prices, wages, and rents.

Your committee took the position, and correctly so, I believe, that the least Congress can do is give the President the right, in case of a grave emergency, immediately to freeze prices, wages, and rents for a period of 90 days, during which time the Congress would, while in session, decide exactly what should be done and what should not be done. Your committee, by a vote of 12 to 3, voted to report that proposal.

Before I begin a detailed explanation of the bill, I should like to make one point crystal clear, and I shall do so in order to save time. Many persons have tried to misrepresent what your committee and its chairman were conscientiously trying to do and felt it was their responsibility to do. I wish to make indubitably clear that not a single member of the committee felt that price and wage controls were needed at the moment. Not one member of your committee recommended that they be continued. Not one member of your committee recommended that price and wage controls or any kind of controls be used by the Federal Government at any time when they were not needed. I want no misunderstanding about that point.

I also wish to make crystal clear that no provision of the pending bill would continue price and wage controls at the moment. The authority to impose price and wage controls expired on April 30, under the previous act passed by Congress, and 60 days prior to April 30, the President, under the authority given to him in that act, eliminated price and wage controls.

So we are not talking about a continuation of price and wage controls at the moment. We are not talking about price and wage controls under normal conditions. We are talking about price, wage, and rent controls only if and when a grave emergency faces the United States making it necessary for our Military Establishment to use or to take a large percentage of our national product. That is all we are talking about.

Yet we found continuously and continually that some witnesses who appeared before the committee and some other persons have tried to make the people of the United States believe we were proposing to continue controls under existing conditions.

A few days ago a very able member of our committee made a speech on the floor of the Senate. I was not present at the time, but I hold a copy of his

speech in my hand, and I wish to discuss it for a moment.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield to me?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. CAPEHART. I yield.

Mr. MAYBANK. Mr. President, the chairman of the committee is making a very able address in pointing out the committee's recommendations. In speaking for Senators on this side of the aisle, I wish to say that every Democratic member of the committee voted for the bill as it.

Mr. CAPEHART. That is correct.

Mr. MAYBANK. The Senator from Indiana says the bill is not a control bill; and it is not. It is only a freeze bill, which will let the Congress of the United States act within its constitutional rights within 90 days.

So the bill is not a control bill; it is merely a freeze bill. I hope the Senator from Indiana agrees with me about that. If he does not, I hope he will correct me at once.

I say the bill merely provides for a freeze for not to exceed 90 days, during which time the Congress will have a chance to decide yes or no on the question of controls during a grave national emergency, which means a great economic upheaval of some kind, as in the case of war.

Does the Senator from Indiana agree that the statement I have made is a correct one?

Mr. CAPEHART. That is correct; the freeze can occur only during a grave national emergency, and then for only 90 days.

Mr. MAYBANK. And before that time, Congress can be in session and decide what to do.

Mr. CAPEHART. Yes; or Congress can meet on the first day of the 90-day period, and can cancel the freeze.

Mr. TAFT. Mr. President, will the Senator from Indiana yield to me?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Ohio?

Mr. CAPEHART. I yield.

Mr. TAFT. However, under the bill the President would be the one who would determine that an emergency existed.

Mr. CAPEHART. That is correct.

Mr. TAFT. All the time I have been in Congress, I have opposed giving the President the power to declare emergencies; and I am just as much opposed now to giving that power to the present President as I was when Mr. Truman and other Democratic leaders were in control.

Mr. CAPEHART. I understand that is the opinion of the able majority leader. However, I do not think it is necessary for him to become excited about it, until we proceed further into the debate.

Mr. President, I shall present our arguments in behalf of the proposal. I, too, oppose giving the President of the United States unlimited power.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield again to me?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. CAPEHART. I yield.

Mr. MAYBANK. Who is to be given such power, if it is not to be given to the President, who was elected by the people, by a 7 million majority?

Mr. CAPEHART. Of course, that is the point.

Mr. President, let me say that I do not know whether Senators who oppose giving the President power in connection with this bill, voted to give the President power in connection with the matter to which I now refer; but the Congress, including the able Senator from Ohio, did not hesitate to give the President of the United States the right to "pull the trigger" to draft 10 million or 15 million of our men to go to war, and did not hesitate to give the President the right to say that next month none would be drafted or that 100,000 or 200,000 would be drafted.

So I should like to have some of the Members of the Senate who are opposed to giving the President the right to order a "freeze," under the proposal now before the Senate, tell us whether material things in our country are more important than the lives of American boys. I should like to have them tell us which is the more important. Congress voted to give the President the right—by virtue of a draft act—to draft 5 million, 10 million, or 15 million men; and under that measure the President is to be the sole judge of whether the then-existing emergency requires that they be drafted. That matter is to be decided solely according to the opinion of the President. He, and he alone, is to decide whether 50,000 of our men will be drafted next month or whether 500,000 or 1 million men will be drafted.

So I ask, what is the difference between giving the President that power and giving the President the power to place into effect a temporary freeze, during which time the Congress can decide what permanent action shall be taken?

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield again to me?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. CAPEHART. I yield.

Mr. MAYBANK. I wish to repeat that the Senator from Indiana is making a most able speech. Certainly he was entirely correct in asking whether there is a difference between giving the President the power to draft and giving the President the power to declare a temporary freeze in a grave national emergency. The Senator from Indiana pointed out that the President is given, by Congress, the power, through the Selective Service System and through the head of that System, to decide whether 10,000, 50,000, or 100,000 of our boys will be drafted, whereas some Senators oppose giving the President the power only to freeze prices, if necessary, for not to exceed 90 days, until Congress can write a law on the subject.

So I repeat my former question, which was, Who is to be given the power to take such action, if that power is not to be given to the President?

Mr. CAPEHART. Of course, as I have pointed out, the Congress has given the President unlimited power to draft our boys.

Mr. TAFT. Mr. President, will the Senator from Indiana yield to me?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Ohio?

Mr. CAPEHART. I yield.

Mr. TAFT. The proposal now made is an entirely different one. Congress itself determined how many men were to be drafted and how many men were to be in the armed services—in short, approximately 3,500,000. Congress, not the President, determined that policy. Congress determined that those troops could not be obtained except by means of a draft. That determination by the Congress gave the President no authority. The President may, within 1 month, decide how many men have to be taken and how many do not need to be taken; but so far as drafting is concerned, that has been a congressional policy.

Congress has never given the President the power to determine whether a draft shall be used or shall not be used. Congress has said in effect, "We need to have 3,500,000 or 3,700,000 men in the Armed Forces, and we give the President the power to draft, if that is necessary."

Of course it is necessary; every one knows it is.

Congress determined the policy. Congress did not allow the policy to be determined by the President.

Mr. CAPEHART. Mr. President, we are doing exactly the same thing in this instance. In the event Congress passes the measure providing for a 90-day freeze, it obviously will have passed a law saying to the President of the United States, "If in your opinion there is a grave emergency, we authorize you to freeze prices, wages, and rent, for a period of 90 days only."

We propose to limit the period to 90 days, just as the able Senator from Ohio pointed out that we limited the number of men whom the President may draft. I forget the number, but I believe it is 3,500,000. In the pending proposal we would authorize the President to act for a period of 90 days.

Is there a difference in principle? If so, let someone demonstrate it. Congress authorizes the President to determine the number of men who may be drafted. He need not draft any of them if in his judgment he should not do so. But he is authorized to draft not exceeding a specified number, at a rate of so many a month. All the committee is asking the Senate to do is to authorize the President of the United States, in case of a grave emergency, and for a period of 90 days only, not indefinitely, to freeze prices, wages, and rents.

It may be asked why this action is taken. The pending bill has been called a standby measure. Standby laws are not new to the Senate. There is a standby law under which we have been appropriating many billions of dollars for the

purpose of increasing our military might. It is a standby law which enables us to defend and protect the country in case of emergency. It contemplates a standby Military Establishment. We appropriate billions of dollars, and, so to speak, we authorize the President to pull the trigger in deciding what he shall or shall not do with the money. Yes, Mr. President, we have a standby law, so far as the military is concerned.

Likewise, as I said a moment ago, we have a standby law under which the President of the United States is authorized to draft our boys. In addition to that, we are spending millions and millions of dollars in the education of our civilian population in connection with civil defense. Under that program the people are being instructed what to do in case of a bombing and how to protect themselves within the United States. I repeat, we are spending millions and millions of dollars upon that program. The Federal Civil Defense Administration is a standby organization set up so that our people may be prepared to meet any situation of grave emergency which may arise.

Therefore, Mr. President, we have protected ourselves, in my personal opinion, as well as in the opinion of the majority of the committee, through standby legislation, we have a standby military organization, or a standby manpower situation, by virtue of the draft. We are making progress. We are spending millions of dollars on the Civil Defense organization, in an effort to instruct our people how to defend themselves against possible attack.

Yet, Mr. President, when it comes to the economic phase of preparation, there are those who are unwilling to vest in the President of the United States authority, in case of a grave emergency, to invoke controls for a period of 90 days, during which time we could be expected to decide upon a course of action.

Mr. President, I am not going to become angry—I did not become angry during the days and days of hearings—with those who take a view opposite to mine. One school of thought takes the position which apparently is taken by the able Senator from Ohio. The Senator is entitled to take that position, and I admit that there is certain merit in his argument to the effect that in the event of an emergency the Congress of the United States, if it is in session at the time, ought to pull the trigger. By that I mean that the Congress should pass the necessary legislation; and that, if the Congress is not in session, a special session could be called.

I do not agree with that idea. I think it is dangerous. I believe it should be possible for action to be taken quickly. I think Congress ought to meet during the 90-day period, when the freeze is in effect, for the purpose of deciding what is to be done, this would assure that the Congress is not acting under pressure and under stress.

Congress might then decide that controls were unnecessary, or it might decide that hearings should be conducted and that the question should be discussed so as to determine what was

necessary in order that the economy of the Nation might be kept in status quo.

Mr. President, can one repair the brakes on an automobile when the car is running downhill? Of course not. The car must be stopped before its brakes can be repaired. The car must be stopped before a determination is made as to what is wrong with it.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BENNETT. The Senator from Utah is very much interested in the analogy being drawn by the Senator from Indiana. Is it the intention of the Senator that the Senate shall understand that he wants to stop the economy completely, and that there shall be no transactions, no operations, when an emergency threatens?

Mr. CAPEHART. The Senator of course knows that that is not at all what I mean. He knows that I am talking about freezing prices, wages, and rents, in order that there may be a 90-day period within which prices, wages, and rents will not advance, and during which time the Congress may have an opportunity to decide what action it wants to take. The able Senator from Utah knows that we are not proposing to do what he suggests. The Senator sat through all the hearings, as I did.

Let me say, since the able Senator from Utah has asked the question, that he made a speech here 3 or 4 days ago which indicated, if I read his speech correctly, that he would be opposed to price, wage, and rent controls even in case of a big war. In the course of his speech, the Senator left the inference that the 12 members of the Senate Committee on Banking and Currency who voted for the pending measure when it was before the committee were interested in maintaining controls in America during peacetime. I hold in my hand four volumes of the printed hearings. I had the staff go through the hearings and mark the pages on which I, as chairman of the committee, assured everyone that all we were talking about was the subject of controls in case of grave emergency.

I wish Senators might have an opportunity to read the memorandum. It shows that over 200 times I made that statement and gave that assurance to the committee. Yet, in spite of my having made that assertion more than 200 times, I still find Senators and others who would create the impression, by means of speeches, that I and other Members of the Senate are interested in foisting economic controls upon the American people in peacetime.

Mr. President, I always try to be fair, and I shall endeavor to be fair in this debate. I have always endeavored to see the view point of the opposition, and to give members of the opposition the benefit of a doubt. But, Mr. President, I also want to say that I do not appreciate, and I shall not appreciate, an argument by a Senator on the floor of the Senate at any time to the effect that either the committee or its chairman is interested in the imposition of controls at any time other than during period of grave national emergency. I am just as

statement, that we who have been in the Congress for many years are perhaps better judges of what ought to be done. I feel very strongly that we ought to give him this authority.

Mr. DOUGLAS. Mr. President—

Mr. BUSH. Mr. President, will the Senator yield for an observation?

Mr. CAPEHART. I yield first to the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, in view of the question asked by the very able Senator from Utah, is it not also true that Mr. Flemming, who said that he represented the President and had had conferences with the President, replied as follows to the Senator's question, as set forth on page 1317 of the record:

Mr. FLEMMING. On the freeze bill, it is our hope that the Congress would decide it could move fast. If the Congress decides it couldn't the authority to impose a freeze would be acceptable.

Mr. BENNETT. That is correct.

Mr. CAPEHART. That is exactly correct.

Mr. BUSH. Mr. President, will the Senator yield for an observation on this point?

Mr. CAPEHART. I yield.

Mr. BUSH. On the point as to why the President took the position which he took, does not the Senator agree with me that it is consistent with President Eisenhower's philosophy of government that he does not dictate to the Congress what he wants and what he does not want? He realizes that the Congress has the responsibility for making the laws. As my very good friend from Utah pointed out, he expressed the hope that the Congress could and would be able to move fast enough to deal with the situation; but Mr. Flemming went on to say, speaking for the administration:

If, however, the Congress should arrive at the contrary conclusion I am authorized to state that a bill containing a provision granting authority to the President to impose a freeze on prices and wages would be acceptable.

I also ask the Senator if he does not agree with me that, if there were administration opposition to the bill, it would likely have been stated by the Secretary of Commerce. Does the Senator agree with me?

Mr. CAPEHART. That is correct.

Mr. BUSH. Also by the Secretary of the Treasury.

Mr. CAPEHART. That is correct.

Mr. BUSH. Does not the Senator recall that both of those gentlemen, who appeared before the committee, expressed approval of the 90-day price freeze bill giving the President authority to act?

Mr. CAPEHART. I think the President's attitude is a challenge to the Congress. He says, in effect, "You are the Congress. It is your responsibility, not mine."

Mr. BUSH. Does not the Senator agree with me that the appearance of those Cabinet officers and what they said before our committee indicate administration approval with respect to title VIII when taken in connection with the remarks of Mr. Flemming?

Mr. CAPEHART. I do not think there is any question about it.

Mr. BENNETT. Mr. President—

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield first to the Senator from Utah.

Mr. BENNETT. I read from the testimony of Secretary Weeks:

I am opposed to the continuance of price and wage controls on any basis. It is my opinion that such controls are both unnecessary and undesirable. We believe that this country is capable of taking prompt and effective action in the event of an emergency requiring such controls.

He did not say, "We believe the President is capable of taking prompt and effective action."

Mr. CAPEHART. That is the statement of Secretary Weeks, a businessman, who had been in office a week, 10 days, 2 weeks, or 30 days.

Mr. BENNETT. He is also a former Senator.

Mr. CAPEHART. I gather from his testimony that he takes the position that even in a large war we do not need such controls. If he belongs to that school of thought, and feels that we do not need controls in a serious emergency, then he certainly would not believe that we need this legislation.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BUSH. Will not the Senator agree with me that we can associate ourselves with the statements of Secretary Weeks and still favor title VIII? I do.

Mr. CAPEHART. There is no question that every member of the committee is against controls when they are not needed. Those who testified were against controls when they are not needed. But we feel that when they are needed, during a grave emergency or a big war, we ought to have them, and have them quickly.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Will not the Senator agree with me that in the event of a great emergency—and that is the only contingency with which we are dealing in this bill—it is perfectly conceivable that the Congress of the United States may not have 11 weeks in which to act, may not have 4 weeks in which to act, may not have 1 week in which to act, and may not have even 1 day in which to act? Yet certainly the authority to act and act promptly, must be lodged in the hands of someone. Whom can we trust in greater degree to exercise that authority properly than the President of the United States?

Mr. CAPEHART. I think the Senator is correct.

Mr. BENNETT. Mr. President, will the Senator yield for a comment?

Mr. CAPEHART. I yield.

Mr. BENNETT. Does the Senator from Indiana realize that the Senator from New York is apparently proceeding on the assumption that if Congress met it would have to enact complete legislation to control the economy? Is it not

conceivable that a simple resolution to freeze the economy could be passed within a day?

If the Senator will further yield—

Mr. CAPEHART. Let me answer that question. We spent 30 days or more in hearings. Most of that time was spent upon the 90-day-freeze provision which the Senator is discussing. Knowing the viewpoint of certain Senators and many other persons in the United States, there is no question that if an emergency should strike, even to get a simple 90-day-freeze resolution through the Congress would require hearings. At least we ought to give the people an opportunity to be heard. I know that there would be many Senators who would insist that hearings be held.

Let me put it this way: If Senators feel that during a grave emergency or a big war we do not need price, wage, and rent controls, let them vote against title VIII. If they feel that during a grave emergency or a big war we must have price, wage, and rent controls, then, in my opinion, they should vote for title VIII because it would enable us to freeze prices, wages, and rents immediately and eliminate the critical period of time. I do not know whether it would be 1 day, 2 days, a week, 10 days, 30 days, or 60 days; but whatever the period of time is, in my opinion, it is the most serious period of time because it is the period in which prices get away from us, since during that period people buy and hoard. That is the time when controls are needed. If we do not have the 90-day-freeze provision, and an emergency strikes and Congress is not in session, and the President calls Congress in session to enact a 90-day freeze, we accelerate the very thing we would like to control. That is a signal to the American people to push their prices up immediately.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BENNETT. Did the Senator hear the distinguished Senator from Arkansas [Mr. FULBRIGHT], an able member of our committee, when he stood on the floor of the Senate during the late lamented tidelands debate and said, on April 21:

One may say that in the modern world it is necessary for legislatures to act quickly. I reply that when it is necessary we do act quickly. When the Nation feels itself in danger from war or from depression, the Congress of the United States can do whatever is necessary in a day's time.

That statement impressed me very much.

Mr. CAPEHART. Mr. President, I have in my hand a copy of the very able speech which the Senator from Utah made a few days ago on the floor of the Senate. If I am wrong in my statement, I hope the Senator will correct me, because I want to be very fair about it. As I understand, however, the Senator from Utah would be opposed to price, wage, and rent controls at any time, even in a big emergency. Therefore, I do not think he is qualified to pass upon the subject of what Congress could or could not do under the circumstances we have been discussing, because if he were in the

state of mind in which he is today he would vote against the 90-day freeze even though we were involved in a grave emergency. Am I correct?

Mr. BENNETT. Mr. President, will the Senator yield, so that I may answer him?

Mr. CAPEHART. I yield.

Mr. BENNETT. My position may not be completely clear. However, I am opposed to the idea that price, wage, and rent controls are our sole recourse in a great emergency. I believe they could be considered along with many other controls. One of my chief objections to the bill is the assumption that price, wage, and rent controls are our only recourse, and that the only purpose of the bill is to set those controls in motion, instead of providing an overall program to meet the situation.

Mr. CAPEHART. Is the Senator from Utah opposed to price, wage, and rent controls during a grave emergency?

Mr. BENNETT. My position would be that they should be the last recourse, rather than the first.

Mr. CAPEHART. In other words, the Senator is opposed, then?

Mr. BENNETT. I shall be very happy to repeat what I have just said, namely, they should be our last recourse, rather than our first recourse. I am not opposed to their ultimate use.

Mr. CAPEHART. Therefore, the Senator from Utah is not qualified to speak as to whether Congress in an emergency could act quickly on a 90-day freeze order, because he would be opposed to such an order at that time.

Mr. GOLDWATER. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. GOLDWATER. Mr. President, I wonder whether the Senator from Indiana recalls, during the hearings, the hundred or more witnesses who appeared before the committee, and whether he would not say that the great preponderance of those witnesses, probably 98 percent, were against the same principle to which the Senator from Utah and I are opposed.

Mr. CAPEHART. Oh, I would not say 98 percent.

Mr. GOLDWATER. Well, 95 percent, then.

Mr. CAPEHART. I am not—

Mr. GOLDWATER. The great majority, at least, were opposed.

Mr. CAPEHART. If we took the American people as a whole, all 160 million of them, probably the great preponderance would be in favor of this type of legislation; all the labor organizations are in favor of it, and they represent millions of people. With respect to the National Manufacturers' Association, it should be noted that the president of the National Manufacturers' Association testified they would be opposed to price, wage, and rent controls even in a grave emergency. Others testified to that effect.

Mr. GOLDWATER. Does the Senator from Indiana recall that groups from his own State—not only from the National Manufacturers' Association and chambers of commerce—groups of small-

business men contended that such controls would not work and could not work, and therefore they were opposed to them?

Mr. CAPEHART. Yes.

Mr. GOLDWATER. Those are the views of the Senator from Utah, as well as my own views, and I do not think the Senator from Indiana is justified in saying we are not qualified to be opposed to a 90-day freeze. Should there be no opposition, Mr. President?

Mr. CAPEHART. The Senator from Utah [Mr. BENNETT] was taking the position that Congress, in the event a grave emergency should occur, could pass quickly a 90-day freeze order. My point was that he was not qualified as a witness in that respect because in such a grave emergency he would vote against a 90-day freeze order. He does not believe that even in a grave emergency prices, wages, and rent controls are needed. I understand that the Senator from Arizona shares the same view.

Mr. GOLDWATER. Yes; that is my position.

Mr. CAPEHART. Therefore, I do not understand why we should consider the views of Senators who, even in the presence of a grave emergency, would not vote for such a bill, but would vote against it.

Mr. GOLDWATER. We are against the bill in principle. We are against the bill as written, because, instead of benefiting by the history through which we have just passed, the pending bill has incorporated in it language which would defeat its purpose. We will point out such defects later in the debate.

Mr. CAPEHART. I regret that the Senator from Arizona did not do so during the hearings, because we would have been delighted to incorporate some of his views in the bill.

Mr. GOLDWATER. I recall some delightful arguments in committee during the course of the hearings.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. In connection with what has been discussed, I ask unanimous consent to have incorporated in the RECORD at this point, as a part of my remarks, an excerpt from the committee report, found at page 11, headed, "Experiences of Delay During World War II and Korea." I do not blame the situation entirely on the law. I believe the President was negligent in waiting until February to appoint an administrator. However the excerpt which I am asking to have printed in the RECORD shows what could happen under similar circumstances. I ask that the excerpt be printed in the RECORD at this point.

There being no objection, the excerpt from the report was ordered to be printed in the RECORD, as follows:

EXPERIENCES OF DELAY DURING WORLD WAR II AND KOREA

At the time of World War II, although our allies already were in a total war and although it was generally agreed that it was only a matter of time before we would also be involved, the National Defense Advisory Board spent the first half of 1941 attempting to draft price control legislation, and finally

a bill was introduced on August 1, 1941. It took 6 months before the bill became law on January 30, 1942. And the General Maximum Price Regulations were not issued until 3 months later, on April 28, 1942.

In the meantime prices moved sharply upward. By February 1942 the Consumers' Price Index had increased by 12 percent over January 1941 and by 6 percent from the time the bill was introduced in August 1941. Wholesale prices had increased by 20 percent and 7 percent over the same periods. Wage rates were keeping pace with these increases, and the take-home pay of industrial workers was increasing much more rapidly.

The North Koreans crossed the 38th parallel on June 24, 1950. It was almost a month later, on July 19, 1950, that the Defense Production Act was introduced. Congress acted as expeditiously as possible, as many Members of the 81st Congress will recall, yet it was September 8, 1950, before the bill became law. The general ceiling price regulation was not issued until almost 5 months later on January 26, 1951. In the meantime the price-wage spiral accelerated upward. The Import spot-market index stood at 101.5 on June 23 and rose to 130.9 by September 8, when the act became law, and increased to 159.5 by January 26, 1951. The domestic spot-market index moved a little less violently being at 100.8 on June 23, 1950, 119.1 on September 8, and 135.7 on January 26, 1951. Wholesale prices moved from 100 on June 27, 1950, to 107.5 on September 12, right after the act was signed, and to 115 immediately following the freeze on January 30, 1951. The Consumers' Price Index reflected the same trends, moving from 100 in June 1950 to 102.6 in September and to 106.6 in January 1951. The average hourly earnings kept pace with Consumers' Price Index increasing from 100 in June 1950 to 101.8 in September and 107 in January 1951.

The cost of inflation during fiscal year 1951 to the Department of Defense alone was estimated at \$7 billion. The consumers of the country had to pay an estimated \$18 to \$20 billion more for the goods and services they bought because of the price increases which took place between the outbreak of hostilities in Korea and the date of the issuance of the general ceiling price regulation on January 26, 1951.

It is obvious from these experiences and these facts that Congress cannot be expected to act rapidly enough to prevent the inflationary forces from being unleashed on the economy with all their disruptive and ramifying effects.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LEHMAN. In view of the remarks of the distinguished Senator from Utah and the remarks of the distinguished Senator from Arizona, to the effect that Congress could act promptly and with great force and effect, I ask the Senator from Indiana whether there is anything in the pending bill which would prevent Congress, in its wisdom, if it saw fit to do so, from passing mandatory legislation or, on the other hand, revoking the powers which are given to the President in the pending bill.

Mr. CAPEHART. If I understand the Senator's question correctly, the Congress, of course, in a few minutes, if it wanted to do so, could rescind the President's power to invoke the 90-day freeze.

Mr. LEHMAN. That is the question.

Mr. CAPEHART. Yes.

Mr. LEHMAN. The point I am trying to make is that Congress retains the

power to do anything it wishes to do, if it is in a position to act promptly.

Mr. CAPEHART. That is correct.

Mr. LEHMAN. Personally I doubt whether this Congress or any other Congress ordinarily is in a position, on a matter of this sort, to act quickly. In this particular instance I again wish to point out that it is perfectly conceivable events may progress so rapidly that Congress may be rendered completely impotent, even after a delay of days or weeks.

Mr. CAPEHART. That could very well happen, of course. We are reminded in the press almost daily, or at least weekly, that in this atomic age and long-range bombers we might well be bombed. I do not believe anyone can clearly foresee what might happen.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Is it not true that between June 25, 1950, when the Communists attacked South Korea, through the first of September 1950, or a total of 68 days, the spot-market prices on imported goods went up 31 percent, and spot-market prices on domestic goods went up 19 percent?

Mr. CAPEHART. That is correct.

Mr. DOUGLAS. And that the wholesale prices, including all commodities, rose 7 percent?

Mr. CAPEHART. That is correct.

Mr. DOUGLAS. And the consumers' index rose by a little less than 3 percent?

Mr. CAPEHART. That is correct.

Mr. DOUGLAS. By January, when controls were first made effective, spot-market prices went up 59 percent on imports, and 30 percent on domestic goods?

Mr. CAPEHART. That is correct.

Mr. DOUGLAS. The general index of wholesale prices went up 15 percent, and the consumers' index went up 6½ percent?

Mr. CAPEHART. That is correct.

Mr. DOUGLAS. In other words, the horse had been stolen by the time the barn door controls were imposed.

Mr. CAPEHART. That is correct.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BENNETT. Is it not also true, measured in terms of the cost of living, as shown by the consumers' index, that the consumers' index went up substantially more after the President had the power to impose controls than it did between the time the Korean war began and the time when Congress gave him that power?

Mr. CAPEHART. That is correct.

I believe that the answer is that the Chinese Communists came into the war during that period, which, of course, was indicative to the American people, particularly to business interests, that the war was going to be a bigger war and would last much longer than anyone had anticipated.

I think that was perhaps the chief reason why prices rose as high as they did during that period. We remember that General MacArthur occupied all of Korea and was almost up to the Yalu River; I believe he arrived there in

November. Then hordes of Chinese Communists, half a million of them as I recall, crossed the Yalu and immediately pushed General MacArthur back. That was the beginning of what I think should be called the Chinese war, rather than the Korean war; and, in my opinion, that was perhaps the big reason for the second upsurge of prices.

However, that was no excuse for the President not to put the controls into effect very quickly after Congress passed the control law.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana yield to me at this point?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. In the first place, in commenting on the delay of President Truman in putting full controls into effect, I am informed that he offered the appointment of Director of Price Stabilization to 33 men, and had refusals from all 33, and it was only the 34th man who accepted. So, in fairness to President Truman, I do not believe he should be charged with very much of the delay after September 8th.

With reference to the point the Senator from Utah made, namely, that the increase in the cost of living occurred in large part after January 26, 1951, is it not true—

Mr. CAPEHART. No; I believe the Senator from Utah said it was between September and January.

Mr. DOUGLAS. Very well, and there was a further increase after January. But I think that was also caused by the increases in wholesale prices—increases upstream, so to speak—which took time to translate themselves into increases in the cost of living—or increases downstream, so to speak. Is not that correct?

Mr. CAPEHART. Yes.

Mr. DOUGLAS. Is it not also true that in connection with World War II, a general price-control bill was introduced in Congress on August 1, 1941, or more than 4 months before Pearl Harbor, but it was not passed until January 30, 1942, or 6 months later, or almost 2 months after Pearl Harbor.

Mr. CAPEHART. Yes; those dates are correct.

Mr. DOUGLAS. Is it not also true that an effective controls law was not put into effect until May 28, 1942, or 5½ months after Pearl Harbor?

Mr. CAPEHART. That is the point I make. I repeat my position on this matter. Controls are not a hobby with me. I am trying to be purely factual about the matter, and I am trying to face the facts as they are and to read history as it should be read.

I point out that in the past, when we needed controls, at the times when controls would have done the most good, we did not have them; but after a period of time, Congress enacted controls, and then it took the President several months to put them into effect. The result has been, in all three instances, namely, World War I, World War II, and the Korean war, that the businessmen of the United States got controls, regardless of whether they liked them; but Congress did not impose them until after the harm had been done.

In this instance I am trying to have Congress establish machinery to take care of the situation, so that if there is another need for controls—and let us hope there will never be one—we shall be able to use them when they are needed, and shall be able to do so quickly.

So let us decide now what we are going to do and how we are going to do it. If controls never are needed, that will be fine.

Of course, the question of whether the country would have been better off in World War I, World War II and the Korean war without any direct price, wage, and rent controls, is an entirely different one.

On the other hand, if we believe that in a big war we must have controls, then let us arrange for them now, and let us know what we are going to do, how we are going to do it, and when we are going to do it, so the necessary steps will be taken the first minute, before there are any price increases.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. MAYBANK. I wish to comment on what has been said by the distinguished Senator from Indiana and the distinguished Senator from Illinois, namely, that there should be such a law on the statute books.

Without approving or disapproving what was done by a former President, at least it is proper to point out that no such law was then on the statute books. Perhaps the matter was allowed to drag.

At any rate, if such a law had been on the statute books then, Congress could have insisted that the President at once impose a freeze across the board.

On the other hand, when we got into the Korean war—and I have always regarded it as a war—we had no such law on the statute books, and Congress then had to write such a law, as the Senator from Illinois has pointed out.

However, under the provisions of this bill, in such a situation we would have an immediate freeze for 90 days, during which time Congress could proceed to write the necessary law.

With all due respect to the Senator from Indiana and the Senator from Illinois, let me say that an equally able statesman was in Washington—I refer to Mr. Bernard Baruch; and I like to regard him in that way—during another war under another President; and it was Mr. Baruch's belief that there should be an immediate freeze.

Of course, I cannot speak for former President Truman; he can speak for himself. However, if there had been such a law on the statute books, President Truman could have used it, and thus could have avoided any dilly-dallying or wasting of time.

I thank the Senator from Indiana for yielding to me.

Mr. BARRETT. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. BARRETT. I should like to suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Indiana yield for that purpose?

Mr. CAPEHART. I do, Mr. President.

Mr. BARRETT. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BARRETT. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming? The Chair hears none, and it is so ordered.

Mr. CAPEHART. Mr. President, inasmuch as we shall have time in which to discuss later the feature of the bill with respect to the 90-day freeze, I think at this time I should take up the bill title by title, go through it, and explain it. If Senators have any questions they desire to ask, I should be very glad to endeavor to answer them.

Mr. CASE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I am very happy to yield.

Mr. CASE. I am disturbed by the declaration of policy, which appears at the very outset of the Senate Committee amendment, on page 8. In the paragraph beginning at line 23, in the declaration of policy this sentence occurs:

In spite of substantial increases which have occurred since the outbreak of the conflict in Korea, prices are now generally in normal relationship and the economy as a whole is relatively stable.

Personally, I could not subscribe to a statement of that kind. I could not defend it to the cattlegrowers of the West, who have seen prices decline as much as they have fallen within the past 9 months. I would not want them to think I was voting for a bill which would give anyone power to freeze a price situation which is 82 percent of parity or below.

Mr. CAPEHART. Does the Senator not think that, considering all prices throughout the United States, those prices are in normal relationship, generally speaking?

Mr. CASE. I do not, because while cattle prices have gone down, the prices of farm machinery and automobiles and things of that sort are still as high as they have been, with the exception, possibly, of one car manufacturer, the price of whose product was revised recently.

Mr. CAPEHART. Is it the Senator's position that cattle prices are low at the moment?

Mr. CASE. They certainly are out of normal relationship.

Mr. CAPEHART. I may say, having been a farmer, and having owned cattle, there is no question that the prices of cattle are low. But, I doubt that there ever will be a time in this country when the prices received by certain segments of the economy will not be found to be possibly lower than they should be. However, in applying the 90-day freeze, the President would have the right to make any adjustments he might think necessary during the 90-day period. For example, if the President desired to do

so, he could refrain, during the 90-day period, from freezing cattle prices on the basis of the old rigid parity.

Mr. CASE. It might be a good thing to incorporate such a provision in the bill.

Mr. CAPEHART. It is in the bill now.

Mr. CASE. Does the Senator mean that the provision for farm parity is already in the bill?

Mr. CAPEHART. No. The provision simply says that the President shall have the right to make any adjustments he may care to make.

Mr. CASE. What advantage is there to the bill as a whole by incorporating the particular sentence quoted by me in the declaration of policy?

Mr. CAPEHART. I do not know. Personally, as the author of the bill, I should have no objection to striking it out, because I never have been too much sold on declarations of policy.

Mr. CASE. I agree with the Senator about that.

Mr. CAPEHART. I think they are to be read, and that is about all. I have no objection to striking it out or amending it, because I do not think it would change the substance of the bill.

Mr. CASE. There is a great deal of special pleading in the declaration of policy, and, so far as I am concerned, I should like to see it eliminated from the bill.

Mr. CAPEHART. I have no objection. Declarations of policy are something that seem to be a part of all legislation. They are not a part of the substance of the bill. If any Senator can write a better declaration of policy, or wants it to be amended or changed, I should have no objection.

Mr. CASE. Would there be any objection to striking out lines 23, 24, and 25 on page 8, and lines 1, 2, and 3 on page 9, and the word "However" at the beginning of line 4?

Mr. CAPEHART. I would suggest that the able Senator prepare such an amendment and discuss it when we get down to the point of considering amendments.

Mr. BARRETT. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I shall be very happy to yield.

Mr. BARRETT. Title VIII of the bill provides that whenever the President shall find that a grave national emergency exists, he shall have the power to invoke the provisions of that title. In discussing this title, I note that the Senator refers to another war. Is it the Senator's idea that the grave national emergency referred to is equivalent to a world-war situation?

Mr. CAPEHART. I think the testimony before the committee is perfectly clear, but I have no objection to trying to clear it up on the floor, because I think the better record we make in that respect the better off we shall be. I may say that we were thinking in terms of an emergency whereby the Federal Government would be using a large proportion of goods and merchandise, taking them out of the civilian economy. For example, let us say that the military needed 50 percent of the steel

production. We could use any other product as an example. But let us assume that the Government will be required to take from the civilian economy 50 percent of the steel, 60 percent of the copper, 70 percent—or even 30 percent—of some other products. In my opinion, there would be an emergency which would require the control of prices, wages, and rents, at least as applied to those categories.

Mr. BARRETT. Does not the Senator feel that the only time the Government would be justified in taking such quantities of products out of the market would be under war conditions?

Mr. CAPEHART. I cannot see any other condition at the moment which would require the military to take such quantities of goods. It was never intended that the 90-day freeze would go into effect except in a grave national emergency in which defense is involved.

Mr. BARRETT. I should be quite agreeable to that title of the bill if it were based upon a declaration of war by the Congress.

Mr. CAPEHART. The committee gave a great deal of thought to that subject, and we believed that when we used the term "grave national emergency", we were making the language about as strong as language can be made, because "grave" is a very strong word.

Mr. BARRETT. I may say to the Senator that we have been living under emergencies for the past 20 years, and we have had hope that since the new administration took office we might get away from so-called emergencies which have been brought about so frequently.

Mr. CAPEHART. Of course, that is exactly what we all want to get away from, and we want to get away from wars, 100 percent. But I do not believe, so long as we are at war in Korea, that we can close our eyes and say there is no possibility that we may get into a big war. If we do, then the purpose of this proposed legislation is to be prepared to control our economy from the day the war starts.

Mr. BARRETT. I hope the Senator does not misunderstand my remarks.

Mr. CAPEHART. No; I do not think I do.

Mr. BARRETT. I might agree that if Congress should declare war, it might be advisable to have this proposed legislation ready to become immediately effective. But the emergencies of which I am speaking are not wartime emergencies; I am speaking of the phony emergencies under which we have been living for quite a long time.

Mr. CAPEHART. But those phony emergencies were completely eliminated when Mr. Eisenhower was elected President of the United States.

Mr. BARRETT. I agree with the Senator that the present occupant of the White House will not abuse the power granted, but I submit that it is unwise to grant such power in any event.

Mr. CAPEHART. This proposed legislation is only for 2 years, and the freeze would last only 90 days.

Mr. BARRETT. That is quite true. Did the committee consider the advisability of using language that would con-

fine the legislation to a declaration of war by the Congress?

Mr. CAPEHART. We did, of course, but we were confronted with the problem of the Korean war. We are at war in Korea without there having been a declaration of war. As a member of the United Nations, of course, it was not necessary for us to declare war, yet the end result of what happens to our people and to our economy is the same as though we did declare war.

Mr. BARRETT. I hope Congress will reassert its power in that respect.

Mr. CAPEHART. I certainly can agree with the Senator in that respect, but, as the Senator well knows, we have not yet done it. Therefore, we have got to be realistic and deal with circumstances as they exist.

Mr. BUSH. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. BUSH. I think it is fair to say that the committee was influenced very considerably by the fact that the bill is only for 2 years after June 30, and that the President of the United States, because of his background of experience and because of his philosophy of wanting to work with the Congress and not to impinge upon or challenge its authority, had an influence on some of the members of the committee in causing them to vote favorably.

Mr. BARRETT. Mr. President, will the Senator from Indiana yield further?

Mr. CAPEHART. I yield.

Mr. BARRETT. I should like to make the observation that once this type of legislation gets on the books it is a relatively easy matter to have it extended from 2 years to 4 years, and then to 6 years, and the next thing we know, it is permanent legislation. That is one of the objections I have to this type of legislation. Notwithstanding the fact that it is limited to a 2-year period, its life can be extended by continuing legislation every 2 years.

Mr. CAPEHART. There is no question but what the Senator is correct. We are all opposed to that sort of thing, but, nevertheless, we have the responsibility at the moment of legislating for the Government, and the Banking and Currency Committee, whether it liked it or not, felt that it had the responsibility to take some action. We did what the majority of the committee thought was the proper thing to do. We simply could not do very much with it, because many features of the present act are extended in this new bill. We felt that, inasmuch as we were discontinuing controls, it was wise, at least so long as the Korean war continued, to have some sort of machinery for almost instantly controlling the economy in case, overnight, a grave emergency should arise.

Mr. BUSH. Mr. President, I thank the Senator. He answered the point on which I wished him to comment.

Mr. CAPEHART. Mr. President, section 2 is the declaration of policy, which I shall not read.

Section 3 covers allocations and priorities. That section gives the President authority to make certain that the Military Establishments receive all the ma-

terials it needs and can use before any materials are used in the civilian economy.

Section 101 (b) of the Defense Production Act, as written in the bill, restricts the power of the President to allocate materials for general distribution in the civilian market to cases where he finds, first, that it is a scarce and critical material essential to national defense; or second, that national defense requirements for the material cannot be met without creating significant dislocation of distribution in the civilian market to a degree creating appreciable hardship. I think that is as good a way as any to explain section 3. In substance, I have stated exactly what it does, and we made no alterations in that section other than some technical changes in language.

Mr. President, section 4, relating to import controls, was the so-called famous section 104 in the old act, which controlled the imports of fats, oils, and dairy products. The committee provided for a complete repeal of that section, on the recommendations of the Secretary of State and the Secretary of Agriculture.

Section 5, which relates to V-loans, would be continued for 2 years. It was amended to allow V-loans to be made in connection with termination of Government contracts; and declared that no small-business concern shall be denied a V-loan merely because an alternative source of supply exists for the item to be procured on Government contract.

Section 6, relating to long-term contracts for the purchase of scarce materials, is to be extended for 1 year, from 1962 to 1963, on the recommendation of the Department of Defense and others.

Mr. BUSH. Did the Senator refer to section 6, or title VI?

Mr. CAPEHART. Yes. I referred to section 6 of the bill.

Section 7 of the bill refers to transfer of materials to the stockpile. It amends section 303 of the Defense Production Act to provide that any materials acquired by the Government under long-term contracts which are in excess to programs under the act shall be transferred to the national stockpile. Stockpile appropriations are not charged for the cost of acquisition of such materials. The Treasury is directed to cancel notes of Defense Materials Procurement Administration equal in amount to the cost of acquisition of materials so transferred to stockpile. The borrowing power from the Treasury under section 304 of the Defense Production Act is thereupon reduced by the amount of the acquisition cost of materials so transferred to stockpile.

Under the present act, nothing whatsoever is said about what would happen to the goods if and when the Government became the owner, so it was felt that we ought to establish ownership, so that at least some governmental agency would be responsible for the goods in case the Government were called upon to make good.

Section 8 relates to credit controls. Since the reporting of the bill and the printing of the report, the committee, by unanimous vote of all members pres-

ent, reported out a committee amendment which would allow credit controls to be invoked only if and when the President exercises his authority to freeze prices, wages, and rents in title VIII. Such credit controls could only be put in effect for a period of 90 days.

Mr. BUSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Indiana yield to the Senator from Connecticut?

Mr. CAPEHART. I yield.

Mr. BUSH. Is it not true that the bill as originally approved by the committee sought to give to the Federal Reserve Board power over consumer credit?

Mr. CAPEHART. That is true.

Mr. BUSH. Such as the power covered by regulation X and regulation W.

Mr. CAPEHART. The bill originally approved by the committee gave that power to the Federal Reserve Board, not to the President.

Mr. BUSH. That power was to be given them, not contingent upon war or a national emergency, but was to be a continuing power, such as the Board now has to control credit, was it not?

Mr. CAPEHART. That is correct.

Mr. BUSH. Am I correct in understanding that later an amendment was accepted by the committee?

Mr. CAPEHART. Yes, that is correct.

Mr. BUSH. Would that amendment take such power away from the Board?

Mr. CAPEHART. The committee adopted an amendment to tie consumer and housing credit into the 90-day freeze, to be used only in case the President invoked the 90-day freeze authority.

Mr. BUSH. That would be the only time the Federal Reserve Board would have power to exercise the consumer-credit controls.

Mr. CAPEHART. The Senator is correct.

Mr. BUSH. Does the Senator believe that that is a wise amendment, or would he wish to postpone his remarks on that question?

Mr. CAPEHART. The Chairman of the Board of Governors of the Federal Reserve Board testified that personally he would like to have that authority as permanent law. However, he said he was testifying for himself personally, not for the Board. As the Senator from Connecticut may remember, such a provision was placed in the bill originally. Then it was decided that it ought to be tied in with the 90-day freeze, so that all segments of our industry would be treated the same.

In other words, if there were a grave national emergency, as the act would read if this amendment were agreed to, the President would be given the right, for a 90-day period only, to freeze prices, wages, and rents; and the Federal Reserve Board would be given the right, during the 90-day period, to control housing credit and consumer credit.

Mr. BUSH. Would the Senator from Indiana agree with me that these indirect controls, if placed in the hands of the Federal Reserve Board, would be one of the strongest weapons for combating inflation?

Mr. CAPEHART. There is no question that indirect controls are necessary to combat inflation, and we are using them today. As the Senator probably well knows, the present administration is using them in connection with the regulation of Government bond interest rates, mortgage interest rates, and rediscount rates.

Mr. BUSH. Does the Senator agree that if this type of control is allowed to expire, there will be no power of that kind in the Federal Reserve Board?

Mr. CAPEHART. There would be no law to give the Federal Reserve Board or the President the right to control consumer credit.

Mr. BUSH. Does the Senator agree with me that we are still faced with the danger of inflation so long as we are engaged in a war in the Far East, and actually are imperiled with the possibility of war elsewhere?

Mr. CAPEHART. I agree with the Senator that we might have a series of smaller emergencies which could cumulatively push the price level up, a series of emergencies which might well develop into a big emergency.

Mr. BUSH. Does the Senator agree with me that the Federal Reserve Board has, by its behavior, action, and wisdom, earned the respect of the economists of the United States, and of the people generally, and that in the common interest, so as to protect consumers, and persons with fixed incomes, those who are hurt the worst by inflation, it would be desirable to have the Federal Reserve Board at all times enjoy this very important control over credit, just as the Board enjoys control over credit in other ways, but not directly connected with consumer credit? Does the Senator agree with that?

Mr. CAPEHART. I have the highest respect for the Federal Reserve Board and its Governors. I think they have done a good job, and I believe they will continue to do a good job. In connection with a previous bill, I voted to give them the right to control consumer credit. That control was known as regulation W. In connection with housing it was known as regulation X. However, as the chairman of the committee and manager of the bill, I must follow the recommendations of the committee unless amendments are offered to do otherwise.

GRANT OF IMMUNITY TO WITNESSES BEFORE EITHER HOUSE OF CONGRESS OR CONGRESSIONAL COMMITTEES

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business at its adjournment on Friday last; namely, Senate bill 16.

The Senate resumed consideration of the bill (S. 16) to amend the immunity provision relating to testimony given by witnesses before either House of Congress or their committees.

TEMPORARY ECONOMIC CONTROLS

Mr. TAFT. Mr. President, will the Senator yield for a procedural matter?

Mr. CAPEHART. I am happy to yield.

Mr. TAFT. I move that the Senate proceed to the consideration of Senate bill 1081, a bill to provide authority for temporary economic controls, and for other purposes, and make that bill the unfinished business of the Senate.

The PRESIDING OFFICER (Mr. PAYNE in the chair). The question is on agreeing to the motion of the Senator from Ohio.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment, to strike out all after the enacting clause and insert:

That this act may be cited as the "Defense Production and Temporary Controls Act of 1953."

SEC. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"DECLARATION OF POLICY

"SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose.

"In spite of substantial increases which have occurred since the outbreak of the conflict in Korea, prices are now generally in normal relationship and the economy as a whole is relatively stable. It is the sense of the Congress that this stability can be maintained by the full and effective use of indirect controls barring adverse international developments.

"However, defense production now requires a limited diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand.

"Moreover, there is the ever-present threat of further Communist aggression which may seriously jeopardize the American economic system unless proper safeguards exist for the imposition of certain economic controls in the event of a grave national emergency. The necessity for such safeguards is emphasized by the speedily destructive force of modern warfare which allows no delay in the taking of Executive action to insure the preservation of the well-being of the economy. This act provides a basis for the imposition of price, wage, and rent controls for a temporary period in the event serious economic dislocations develop which threaten the national security or welfare.

"It is the sense of the Congress that direct economic controls are incompatible with the American free-enterprise system and should be invoked only if an emergency arises serious enough to threaten the economic well-being or security of the United States. However, if such an emergency should develop the President must have the power to employ immediate economic controls for such reasonable period of time as will give Congress an opportunity to act."

SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems neces-

sary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, or (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship."

SEC. 4. Section 104 of the Defense Production Act of 1950, as amended, is hereby repealed.

SEC. 5. Subsection (a) of section 301 of the Defense Production Act of 1950, as amended, is amended by striking out ", or in connection with or in contemplation of the termination," and by inserting before the period at the end thereof a comma and the following: "or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in sec. 714 (a) (1) of this act) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply."

SEC. 6. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is amended by striking out "1962" and inserting in lieu thereof "1963."

SEC. 7. Section 303 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof a new subsection as follows:

"(f) Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this act, shall be transferred to the national stockpile established pursuant to the act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.

"Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, minerals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this act, as amended, shall be reduced in an amount equal to the amount of any notes so cancelled."

SEC. 8. Title VI of the Defense Production Act of 1950, as amended, is amended to read as follows:

"TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

"THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT ONLY

"SEC. 601. To assist in carrying out the objectives of this act, the Board of Gover-

nors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, 80th Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order No. 8843 (August 9, 1941).

"SEC. 602. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

"In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

"(b) No person shall extend or maintain any real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

"(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such

provisions apply in the case of orders of the Securities and Exchange Commission under that act. In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

"(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

"(1) 'Real estate construction credit' means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term 'new construction' means any structure, or any major addition or major improvement to a structure, which has not been begun before the effective date of any regulation issued under subsection (a) of this section after the date of enactment of the Defense Production and Temporary Controls Act of 1953. As used in this paragraph the term 'real property' includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term 'real estate construction credit' shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation, or by any mixed ownership Government corporation as defined in the Government Corporation Control Act, as amended.

"(2) 'Credit' means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell, or sale or contract of sale of, property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

"SEC. 603. Any person who willfully violates any provision of section 601, 602, or 605, or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than 1 year, or both.

"SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that act, and the Board

shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

"SEC. 605. To assist in carrying out the objectives of this act the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law. Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other law, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section."

SEC. 9. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(c) Whenever the President invokes the powers given him in this act to control the general distribution of any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953, and having due regard to periodic changes in the current competitive position of established business: *Provided*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: *Provided further*, That if the President continues or re-imposes controls after June 30, 1953, on the general distribution in the civilian market of any materials subject to such controls on June 30, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations."

SEC. 10. Section 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(d) The term 'national defense' means the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense,

or operations or activities in connection with foreign economic or military assistance programs."

SEC. 11. (a) The fourth sentence of paragraph (1) of subsection (a) of section 714 of the Defense Production Act of 1950, as amended, is amended to read as follows: "For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation, including producers of strategic and critical minerals and metals."

(b) Paragraph (4) of subsection (a) of section 714 of the Defense Production Act of 1950, as amended, is amended by striking out "June 30, 1953" and inserting in lieu thereof "June 30, 1955."

SEC. 12. Paragraph (3) of subsection (f) of section 714 of the Defense Production Act of 1950, as amended, is amended by inserting after the word "allocated" the first time it appears therein the words "in the civilian market."

SEC. 13. Paragraph (4) of subsection (f) of section 714 of the Defense Production Act of 1950, as amended, is repealed.

SEC. 14. Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(a) (1) Titles I, III, VI, VII, and VIII of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955, or at the expiration of 90 days after the issuance on or before that date of an executive order establishing ceilings under the provisions of section 801 (a) of this act, whichever is later.

"(2) Title II of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953; and titles IV and V of this act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953."

SEC. 15. Subsection (c) of section 717 of the Defense Production Act of 1950, as amended, is amended by adding before the period at the end thereof a comma and the following: "or the taking of any action (including the making of new guarantees) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this act, including actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this act shall be applicable to actions taken pursuant to the authority contained in this subsection."

SEC. 16. The Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new title:

"TITLE VIII—TEMPORARY EMERGENCY PRICE, WAGE, AND RENT CEILINGS

"SEC. 801. (a) The President is authorized and directed, whenever he shall find and declare that a grave national emergency exists and that the exercise of such authority is necessary in the interest of national security and economic stability, to establish simultaneously by executive order ceilings on (1) the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of materials and services, (2) wages, salaries, and other compensation paid or received with respect to employment, and (3) rents paid or received for the use or occupancy of housing accommodations, at the levels prevailing as of the close of business on the business day next preceding the day on which the action is taken, or those prevailing on the nearest date during the preceding 30 days on which, in the judgment of the President, they are generally representative, or if none prevailed during such 30-day period, then those prevailing on the nearest date on which, in the

judgment of the President, they are generally representative. All ceilings established under this title shall terminate 90 days after the issuance of such order, or at such earlier time as Congress may by law or concurrent resolution provide, and the authority conferred by this title to establish ceilings shall not thereafter be exercised.

"(b) The President may provide exemptions from, suspensions of, or adjustments to ceilings in the case of any materials or services or transactions therein, or types of employment, or housing accommodations of any class or in any area, if he finds that (1) such exemption, suspension, or adjustment is necessary for national defense, or (2) the imposition or maintenance of such ceilings would be impracticable or unnecessary in order to effectuate the purposes of this title.

"SEC. 802. The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of this title. Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to the recovery of possession) in connection with any housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this title.

"SEC. 803. (a) Regardless of any obligation heretofore or hereafter entered into, it shall be unlawful—

"(1) for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or to demand, accept, receive, or retain any rent for the use or occupancy of any housing accommodations, or otherwise to do or omit to do any act, in violation of this title or any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt, or agree to do any of the foregoing; or

"(2) for any employer to pay, or any employee to receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title.

The President shall prescribe the extent to which any payment (including any wage, salary, or compensation payment) either in money or property, made in contravention of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any person for the purposes of any other law or regulation, including bases in determining gain for tax purposes.

"(b) Any person who willfully violates any provision of this section shall, upon conviction thereof, be subject to a fine of not more than \$10,000 or to imprisonment for not more than 1 year, or both.

"SEC. 804. Nothing in this title shall be construed to require any person to sell any material or service, or to offer any housing accommodations for rent, or to perform personal services.

"SEC. 805. As used in this title—

"(a) The term 'rent' means the consideration, including any bonus, benefit, or gratuity, demanded or received for or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

"(b) The term 'housing accommodations' means any building, structure or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

"SEC. 806. This title shall become effective on May 1, 1953."

SEC. 17. Section 4 of the Housing and Rent Act of 1947, as amended, is amended—

(a) by striking out "1953" in subsection (e) of said section and inserting in lieu thereof "1954"; and

(b) by inserting after the words "veterans of World War II" wherever they appear in said section the words "and of the Korean conflict."

SEC. 18. (a) Subsection (f) of section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following new paragraph:

"(5) (A) Notwithstanding any provision of paragraph (1) of this subsection—

"(i) the provisions of this title shall cease to be in effect at the close of September 30, 1953, in the areas described in subparagraph (1) (B) and (C) of this subsection in which maximum rents were in effect on April 30, 1953; and

"(ii) the provisions of this title shall cease to be in effect at the close of April 30, 1954, in any area which has been or is certified under subsection (1) of this section as a critical defense housing area.

"(B) Any such area which was certified as a critical defense housing area prior to the date of enactment of the Defense Production and Temporary Controls Act of 1953 shall be reviewed in the light of the new criteria applicable to critical defense housing areas and shall be continued under control after such review (which must be concluded by September 30, 1953), only if, after such review and prior to such date, it is recertified in accordance with the provisions of subsection (1) as amended by such act."

(b) Paragraph (3) of subsection (f) of section 204 of the Housing and Rent Act of 1947, as amended, is amended by striking out "(1)" and inserting in lieu thereof "(5)."

(c) Paragraph (4) of subsection (f) of section 204 of the Housing and Rent Act of 1947, as amended, is amended by striking out "(1) or (3)" and inserting in lieu thereof "(3) or (5)."

SEC. 19. (a) The last sentence of subsection (k) of section 204 of the Housing and Rent Act of 1947, as amended, is amended to read as follows: "In establishing or maintaining any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from March 1, 1953, to April 1, 1953, and he shall make adjustment for such relevant factors as he shall deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such State, incorporated city, town, or village, or unincorporated area."

(b) The third sentence of subsection (1) of section 204 of the Housing and Rent Act of 1947, as amended, is amended to read as follows: "In establishing or maintaining any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from March 1, 1953, to April 1, 1953, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such area."

SEC. 20. (a) Paragraphs (1) and (3) of subsection (1) of section 204 of the Housing and Rent Act of 1947, as amended, are amended by striking out the phrase "defense plant or" wherever it appears and inserting in lieu thereof "military, Atomic Energy Commission, or other Government."

(b) Paragraph (2) of such subsection is amended by striking out "plant or" and inserting in lieu thereof "military, Atomic

Energy Commission, or other Government."

SEC. 21. Subsection (o) of section 204 of the Housing and Rent Act of 1947, as amended, is amended (1) by striking out "on the date of enactment of this subsection" and inserting in lieu thereof "on the date of enactment of the Defense Production and Temporary Controls Act of 1953", and (2) by striking out "120" and inserting in lieu thereof "130."

SEC. 22. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following new subsection:

"(r) Regulations or orders under this title shall be subject to the same proceedings for protest and review as are provided for regulations or orders relating to price controls by sections 407 and 408 of the Defense Production Act of 1950, as amended, and for such purpose such sections are hereby continued notwithstanding the provisions of section 717 of the Defense Production Act of 1950, as amended."

SEC. 23. The first sentence of section 208 of the Housing and Rent Act of 1947, as amended, is amended to read as follows: "The President shall administer the powers, duties, and functions conferred upon him by this act through such officer or agency of the Government as he may designate."

Mr. CASE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. CASE. The several references to various titles of the Defense Production Act are a bit confusing to Members of the Senate—or at least to myself. I am not familiar with the contents of the titles by title numbers. What is the subject matter of titles II, IV, and V of the Defense Production Act, which will terminate, respectively, on June 30 for title II, and, for titles IV and V, as of April 30, 1953?

Mr. CAPEHART. From what page is the Senator reading?

Mr. CASE. Page 27.

Mr. CAPEHART. Title II is the authority to requisition, which we eliminated entirely. Title IV relates to price control, which has been eliminated.

Title V relates to labor disputes. It has been eliminated.

Mr. CASE. One further question along the same line. On page 11 of the bill, as the Senate has already pointed out, section 4 repeals section 104 of the Defense Production Act of 1950, as amended. That is the one relating to dairy products, and so forth. On page 22 of the bill the following language occurs:

(a) (1) Titles I, III, VI, VII, and VIII of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955, or at the expiration of 90 days after the issuance on or before that date of an Executive order establishing ceilings under the provisions of section 801 (a) of this act, whichever is later.

To make the record perfectly clear, does that mean that section 104 of the Defense Production Act will become effective again as of June 30, 1955, or is it repealed outright, without modification in any respect, by the termination date?

Mr. CAPEHART. It is repealed 100 percent on June 30, 1955.

Mr. CASE. The termination date does not terminate the repeal and reinstate the section?

Mr. CAPEHART. That is correct.

Section 9 relates to civilian market allocations. It amends section 701 (c) of the Defense Production Act to say that whenever the President allocates materials in the civilian market he shall try to do so on the basis of giving, first, a fair share to business based on the share business receives under normal conditions in a free competitive market following June 30, 1953, with regard being given, after allocations are imposed in the civilian market, to periodic changes in current competitive position, the needs of new concerns and newly acquired operations of existing concerns, for materials not under control on June 30, 1953; and, second, a fair share based on the amount received by business during a representative period before June 24, 1950, adjusted to reflect changes in competitive position, needs of new concerns and newly acquired operations since that date, in the case of materials still under control on June 30, 1953.

Section 10 deals with the definition of "national defense."

National defense is redefined to remove the specific reference to the Mutual Defense Assistance Act of 1949, as amended, and substitutes for that a reference to the foreign economic or military assistance programs.

Section 11 deals with the definition of "small business." It is the same definition as was used previously, with one exception. We say:

SEC. 11. (a) The fourth sentence of paragraph (1) of subsection (a) of section 714 of the Defense Production Act of 1950, as amended, is amended to read as follows: "For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation, including producers of strategic and critical minerals and metals."

That language was placed in the bill at the suggestion of the junior Senator from Arizona [Mr. GOLDWATER] and also, I believe, of the Senator from Utah [Mr. BENNETT], because it has to do with small producers of minerals, which materials are so badly needed at the moment in our defense production effort.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BYRD. I should like to ask the Senator a question with respect to section 802. Will the Senator give his opinion as to what powers the President would have under that section? The language is as follows:

Sec. 802. The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of this title. Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to the recovery of possession) in connection with any housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this title.

What does the Senator think is the purpose of the title?

Mr. CAPEHART. It is simply a general "housekeeping" section giving the President the right to make rules and regulations under which he places title VIII in effect. I think the Senator will find that the language is practically the same, if not the same, as that which we have been using in such legislation for many years. It is exactly the same, I think, as that which is found in the present Defense Production Act. I do not think there is any change whatsoever in section 802.

Mr. BYRD. In this case the situation is slightly different. Congress passed the act referred to. The proposed act is to be placed in operation by a declaration of the President. It seems to me that section 802 gives the President very great authority, in addition to the mere freezing of prices.

Mr. CAPEHART. The first Defense Production Act, which we enacted in 1950 after the beginning of the Korean war, gave the President the right to do certain things if he wanted to do them. It was not a mandate. As the Senator knows, he did not act until several months later.

Mr. BYRD. What is the definition of a grave national emergency?

Mr. CAPEHART. I will say in all fairness to the Senator that that was not an easy problem for us to handle. We had a great many "wordy" words, and we finally came to the conclusion that the strongest language we could use in the protection of our people was "a grave national emergency," having in mind that the President would use the authority only when it was obvious to everyone in America that it ought to be used.

Mr. BYRD. In the mind of the Senator from Indiana, who had more to do with the preparation of this proposed legislation than anyone else, what is meant by a grave national emergency?

Mr. CAPEHART. A grave national emergency might be any one of a number of things. For example, I would consider it a grave national emergency if tomorrow Russia should bomb Japan, or if tomorrow Russia should start sinking our ships on the high seas. I would consider it a grave national emergency if some foreign nation should drop a bomb on the United States.

Mr. BYRD. That would be war.

Mr. CAPEHART. Yes. The bombing of Pearl Harbor certainly was a grave national emergency. I should say that when the President sent our troops into Korea, that was a grave national emergency. Certainly it affected the lives of 160,000,000 Americans. We are thinking only in terms of military activities and in terms of war and in terms of situations in which the military would be needing a large percentage of our national products—perhaps 90 percent of our nickel and 80 percent of our copper, for example.

Mr. BYRD. However, as the authority is worded in the bill there is no confinement of the situation to a military emergency.

Mr. CAPEHART. A grave national emergency, in other words. That is the

intention of the committee. I wish to assure the Senator from Virginia that it is not our intention that anything other than a grave national emergency is intended. It would have to be a grave national emergency, identified with the military, or identified with our defense needs from a military standpoint, or identified with the protection of our people from attacks by a foreign enemy. Or it could be a situation in which we would have to build many more airplanes than we know have, as well as tanks and other equipment, and use tremendous quantities of available domestic materials, leaving only a small portion for civilian uses. Under such circumstances we would have to allocate commodities, and control prices, wages, and rents. That is the purpose of the bill.

As the able Senator from Virginia knows, it is not easy always to find the right words to express what one wishes to do. We made a very sincere effort to do it. I believe the record of the committee makes it crystal clear that what we had in mind was a grave national emergency.

Mr. BYRD. What is said in the committee is entirely different from what is written into law. The law governs, not discussions in committee.

Mr. CAPEHART. I think the record of discussions on the floor of the Senate and in the House, as well as in committees and the reports of committees, while they are not binding, certainly show the intent of Congress.

Mr. BYRD. But the Supreme Court and other courts must define laws as they are written. I have found in my service in the Senate that very often not even two Senators can agree. If a court were to try to interpret what one Senator said in stating his views and then tried to interpret what another Senator said in stating exactly the opposite views, it would find itself in very great confusion.

Mr. CAPEHART. As author of the bill and as chairman of the Committee on Banking and Currency, I thought it was my responsibility to call this matter to the attention of the American people and of Congress, because the law expires on June 30, and we have to take some action about it.

Mr. BYRD. Mr. President, I wish to compliment the Senator from Indiana for the work he has done. However, I respectfully submit that the language of section VII as written is not confined to a military emergency. The President can determine as he pleases what kind of emergency would justify his invoking these enormous powers.

Mr. CAPEHART. For argument sake, let us assume that the Senator is correct. I do not believe the President would do it, and I do not believe the powers are quite so broad as the Senator indicates although they might well be. However, in any event, they are powers which are granted for only 90 days. If the President went against the wishes of Congress, Congress, if it wanted to do so, could within 24 hours rescind his order placing the 90-day freeze in effect.

Mr. BYRD. I believe the Senator from Indiana will agree that the bill, if enacted into law would vest tremendous powers in the President, and that we should be as clear and as concise as we can be in writing such a law. I assume the Senator will agree with me.

Mr. CAPEHART. Yes; I agree with the Senator from Virginia.

Mr. BYRD. Would the Senator from Indiana object to an amendment which would provide for such powers to come into effect upon a declaration of war or upon the adoption of a concurrent resolution by Congress, which would make it absolutely clear with respect to the fact that Congress itself would have the authority as to whether such power should be invoked? If there were a declaration of war, such powers would become immediately operative.

Mr. CAPEHART. I have—

Mr. BYRD. May I finish?

Mr. CAPEHART. What we are trying to do in this instance is to protect the American people from an upsurge in prices as a result of a national emergency. With respect to a provision for a declaration of war, of course there has been no declaration of war in the Korean situation.

Mr. BYRD. But there should have been a declaration of war. Does the Senator agree with me in that respect?

Mr. CAPEHART. Certainly. But there was no declaration of war.

Mr. BYRD. If there were no declaration of war, then Congress, by concurrent resolution, could, in accordance with the amendment which I have suggested, make such controls effective.

Mr. CAPEHART. I would much rather have no question about Congress declaring a war, and I shall vote for any legislation which is designed to provide for it. However, I also want to be realistic. I realize that until Congress finds it necessary to make a declaration of war, before our boys are sent into battle, we ought to try to protect the domestic economy.

Mr. BYRD. I do not know whether the Senator from Indiana has read my proposed amendment.

Mr. CAPEHART. Yes; I have read the amendment.

Mr. BYRD. It provides, first, that a declaration of war makes the act operative at once.

Mr. CAPEHART. Yes.

Mr. BYRD. Second, it can be made operative at once by concurrent resolution.

Mr. CAPEHART. Yes. Of course, a concurrent resolution would be debatable.

Mr. BYRD. Yes; it would be debatable.

Mr. CAPEHART. And if Members of Congress were scattered all over the country, while Congress was not in session—

Mr. BYRD. If such an emergency should occur, Congress would be in session the next morning. We would not remain at home if an emergency of this nature should occur.

Mr. CAPEHART. I do not agree—

Mr. BYRD. Would the Senator let me finish, please?

Mr. CAPEHART. Yes.

Mr. BYRD. We are doing something which has never been done before. We are freezing all prices and wages and rents. That has never been done in any other price or other control bill. The Senator knows that to be a fact.

Mr. CAPEHART. But with respect to a concurrent resolution hearings would have to be held.

Mr. BYRD. Not necessarily.

Mr. CAPEHART. Not necessarily, of course.

Mr. BYRD. Hearings have been held on the pending bill, and it is the wording of the pending bill which would become operative on the adoption of a concurrent resolution.

Mr. CAPEHART. Does the Senator from Virginia feel, if we were to get into a national emergency, that we would need price, wage, and rent controls?

Mr. BYRD. I do. However, I do not think their going into effect should be left in a state of uncertainty.

Mr. CAPEHART. The Senator's position is—

Mr. BYRD. I believe Congress should have some voice in such a situation. Never before in our history has there been enacted such legislation as is proposed by the pending bill, under which on a given day a freeze would be put on all prices, wages, and rents.

Mr. CAPEHART. Not on any given day. We do not know what day it would be.

Mr. BYRD. It could be a given day if the President chose to apply the law.

Mr. CAPEHART. I wish to call the able Senator's attention to the fact that the Defense Production Act of 1950 contained much broader powers than are contained in the proposed 90-day freeze legislation. That law gave the President of the United States the right to fix prices and wages.

Mr. BYRD. Did the President exercise that right?

Mr. CAPEHART. It gave him the right to do so.

Mr. BYRD. Did he do it?

Mr. CAPEHART. Eventually, he did.

Mr. BYRD. He never froze wages.

Mr. CAPEHART. It gave him the right to control them.

Mr. BYRD. Controlling is not the same as freezing. The only way the former President acted in that regard was to increase wages.

Mr. CAPEHART. That was not the law. I am sure the able Senator from Virginia voted for the 1950 Defense Production Act, which gave the President of the United States the right to control all wages, rents, and prices. The 1950 act was much more drastic than the proposed legislation, because it was effective for 12 months, whereas the proposed legislation would be in effect for not more than 90 days.

Mr. BYRD. Let me say to the Senator that this is something which has never been done in the history of America. Prices have never been arbitrarily frozen.

Mr. CAPEHART. Possibly not, but I believe that prices, wages, and rents at the beginning of the Korean war should have been frozen.

Mr. BYRD. I agree with the Senator so far as a 90-day period is concerned. However, they were not frozen. The President did not freeze them. Therefore, we are proposing to do something now that has never been done before. If we freeze the price of everything—agricultural products and industrial products, wages, and so forth, and that is something that has never been done before.

Mr. CAPEHART. The Senator had voted to give the President the right to do it. Under the proposed 90-day freeze order the President could make adjustments.

Mr. BYRD. I am not opposing a bill for a 90-day freeze, I want the Senator to understand, but I do feel Congress should have some voice in when the freeze is made operative. If we are to impose a complete freeze, which I say has never been done before, then it should be done under the terms of my amendment, namely, first by a declaration of war, or, by a concurrent resolution.

Mr. CAPEHART. Of course, the Senator from Virginia knows that if on tomorrow we were to be face to face with a grave emergency or should become involved in a third world war, we would not get into it by means of a declaration of war. We are at war now, and such a larger war or third world war would be only a continuation of the so-called little Korean war.

Mr. BYRD. Does the Senator from Indiana mean that if we had a war with Russia, there would not be a declaration of war?

Mr. CAPEHART. There could be one, but in my judgment such a war would be more likely a continuation of the present war in Korea.

Mr. BYRD. The Senator from Indiana would not favor a world war without a declaration?

Mr. CAPEHART. No, I am opposed to having our Government go to war without a declaration of war. However, we have to be realistic about the matter. After all, we are now under the United Nations.

Mr. BYRD. The United Nations cannot declare that we are in a war. That point was brought out at the MacArthur hearings, when I examined Secretary of State Acheson. I said to him, "Mr. Secretary, how do you justify the fact that our troops were sent to Korea without a declaration of war? Was it the United Nations?"

He said, "No; the United Nations had nothing to do with it. We justify it because Americans would be attacked in Korea"—which I think is a very far-fetched point, for the only Americans then in Korea were civilians.

Mr. CAPEHART. But we did send our troops to Korea, and they are now in Korea, and we did not have a declaration of war.

Mr. BYRD. However, I am not willing to concede that Congress has abdi-

cated the greatest power it has; namely, the power to declare war.

I believe that one of the greatest of all the blunders Mr. Truman made was to send our troops to Korea without a declaration of war by Congress and thus having the backing of Congress and the backing of the country. The Senator from Indiana knows that is my feeling.

I am not willing to assume, as apparently the Senator from Indiana is, that we are going to engage in bigger wars without a declaration of war.

However, my amendment also provides that if there is not a declaration of war, the matter can be handled by concurrent resolution. In other words, I believe Congress should have some voice in these matters. I am willing to trust the present President of the United States, and I have great admiration for him. But there will be other Presidents; and the bill proposes the establishment of a precedent. In my service in the Senate, I have found that precedents are very strong in this body. If we do this for one President, we shall be asked to do it for other Presidents.

Mr. CAPEHART. It is not unusual for Congress to give the President broad powers to do something at a future time. I do not understand that is very unusual.

Mr. President, section 11 would extend the life of the Small Defense Plants Administration to June 30, 1955. In that respect the bill will extend the provision found in the present act.

Section 12 provides for allocations to small plants. It amends section 714 (f) (3) of the Defense Production Act to require that whenever the President allocates materials in the civilian market a fair percentage thereof shall go to small plants unable to obtain them from usual sources.

Section 13 would repeal section 714 (f) (4) of the Defense Production Act, because it was practically a repetition of section 701 (c) of the act which has been continued. The only differences appearing in section 714 (f) (4) referred to the needs of new concerns during a period of allocation. That provision has been incorporated in section 701 (c) as extended.

Section 14 provides new termination dates. In other words, under this section, all features of the present act are extended for 2 years, except the titles which are completely eliminated, and I have already referred to them. So section 14 amends section 717 of the Defense Production Act covering termination dates. Title I, relating to priorities and allocations; title III, relating to financial aids; title VI, relating to consumer credit and real estate construction credit controls; title VII, relating to the Small Defense Plants Administration, voluntary agreements exempt from antitrust procedures, and general housekeeping provisions; and title VIII, the new title which provides for a 90-day freeze, will terminate on June 30, 1955, under this section of the bill, or not more than 90 days thereafter if that much extra time is needed in order to give effect to a 90-day freeze invoked shortly before June 30, 1955.

Of course the new title VIII, which provides for a 90-day freeze, has been discussed at some length today, and I shall not discuss it further at this time.

Title II, relating to requisition and condemnation, of the Defense Production Act is allowed to lapse June 30, 1953.

Titles IV and V, relating to price and wage controls, are allowed to lapse April 30, 1953.

Section 15 of the bill allows the continuation of V-loans which have been granted, including those for reconversion for civilian production, even after expiration of the Defense Production Act.

Section 16 adds the new title VIII, providing for a 90-day freeze on prices, wages, and residential rents whenever the President finds a grave national emergency to exist and that the use of such freeze is necessary for national security and economic stability. The base date for the freeze is, first, the level prevailing on the business day before the freeze, or second, those prevailing on any of the preceding 30 days which in the judgment of the President are generally representative, or third, if none prevailed during the 30-day period then those prevailing on the nearest date on which in the President's judgment they are generally representative. The freeze ends 90 days after issuance or earlier if Congress so provides by law or concurrent resolution. The freeze may be used only once. The President is authorized to provide exemptions from the freeze and suspensions or adjustments of ceilings where necessary for national defense or where ceilings would be impracticable or unnecessary.

The President may issue orders controlling evictions. It is made unlawful to violate any regulation or order under the title and allows the President to impose administrative sanctions for violations, such as denial of tax benefits. A criminal penalty of \$10,000 or 1 year imprisonment, or both, is set for willful violation. Title VIII is made effective May 1, 1953.

Section 17 continues veterans' preferences, as they now exist.

Section 18 provides for extension of rent control. That has been completely eliminated, however, because Congress passed a separate rent control several weeks ago.

So, Mr. President, I have stated briefly an outline of the bill.

The only controversial part seems to be title VIII, the new title providing for standby controls. I repeat that so long as the Korean war is going on, I believe it is folly for us to refuse or to fail to provide standby controls.

Of course, the question of whether the Korean war was declared by Congress; or whether the President acted, under powers he had, to take us into that war; or whether the President had no authority to do so, is aside from the question now before the Senate.

The question now facing us is whether such standby controls should be provided for. The fact is that our troops are now in Korea, at war. So long as that war continues, I believe the President of

the United States should have authority to provide for a 90-day freeze, under the circumstances set forth; and I believe there should be a small standby organization which will be available in that connection, when needed in a grave national emergency.

I cannot conceive that our country would spend billions upon billions of dollars for the military services and would be engaged in war in Korea and would be drafting American boys—as is now being done; and of course many of our boys are dying in Korea—but would leave the civilian economy absolutely wide open, without any protective legislation, without any plan or policy or organization, not knowing what we would do or how we would proceed or when we would take action to prevent price rises in such a grave national emergency. Frankly, I cannot conceive of that sort of management or mismanagement.

I also realize that we should avoid giving too much authority to the President of the United States. I have always been opposed, and still am, to controls when they are not needed. I voted against continuation of price, wage, and rent controls last July, when the extension bill was before us. I voted against that bill because I did not think such controls were any longer needed. I did think they were needed at the beginning of the Korean war. I did not think they were needed last July. I do not think they are needed today, and your committee is not recommending a continuation of them.

However, Congress alone has the responsibility of passing the laws and deciding what expenditures shall be made by the Federal Government and what appropriations shall be made. Congress also has the responsibility of enacting the tax laws and the laws governing the Military Establishment. Those are the responsibilities of Congress, not the responsibilities of the President of the United States.

I cannot conceive that we would leave an open end to this one matter, particularly when prices are as high as they are at this time, and when so much inflation exists. After all, if we were to face a grave national emergency, prices would be much higher, and all control of the situation would escape us. If we got into a war which would require the use of more materials, then, instead of talking about a \$70 billion budget for 1 fiscal year, we would be talking about \$90 billion or \$150 billion budget, in view of the effect of further inflation and greater price increases.

Mr. President, perhaps the Banking and Currency Committee has not done so good a job as possibly could be done on this subject. Perhaps other Senators could do a better job, and perhaps there are other ways of accomplishing what we have tried to accomplish.

However, I wish to say that every member of the committee has made a sincere effort in connection with this problem. The committee held hearings for weeks. The hearings were far from one-sided, either. Witnesses on both sides of the question appeared at the hearings and gave their appraisals of the

bill. In the same way, many members of the committee were sincerely and honestly opposed to the bill. Such a condition always makes for a healthy situation, for then both sides of the question are presented to the committee. In the committee we tried to consider both sides, and we did so.

I emphasize that the 90-day freeze provision is merely that—a provision for a freeze for only 90 days.

So we return to the question of what should be done in this situation. If any Senators believe that price, wage, and rent controls are not needed, even in a grave emergency, then such Senators should oppose this bill.

If any Senators feel that they wish to take a chance on leaving the matter entirely open, and do not desire to make any standby provision whatsoever, and wish to leave the executive branch in such a position that it cannot make any preparations whatever to deal with a grave emergency, but that Congress, if it is then in session—or, if it is not in session that it could be called into special session—hold hearings and then decide what should be done, they should also vote against the bill. They should realize, however, in the meantime prices would rise and rise—which is certainly what would occur, and then, when the necessary legislation was finally enacted, instead of finding that prices had been maintained at a constant level during the intervening period, they would find that prices had risen very greatly. In that event Congress would have to do exactly what was done 2 years ago, when first one price and then another price was rolled back, and then one price and then another price was rolled up. If Senators feel that such a procedure is in the best interests of the United States, of course, such Senators will vote against this bill.

If Senators intend to stand upon the argument that it is completely wrong in principle to give unlimited power to the President, I can see their viewpoint. But I must say that those who voted for the 1950 Defense Production Act, authorizing the President of the United States to control prices, wages and rents, will, it seems to me, be very inconsistent in taking that view. That act was not mandatory in its terms; it merely authorized the President to impose controls in the event he saw fit to do so. In that case the authorization was for 12 months, not for a mere 90 days.

What, then is to be said in support of the argument as a matter of principle? Why was not such an argument made in 1950, when the Senate was considering the first Defense Production Act, which, as I have said, was not mandatory in its terms, but which merely authorized the President to impose controls if in his judgment it was deemed necessary?

What is the basis of the argument regarding the principle of giving power to the President? The President has been given power to call American boys into military service. True, the number was limited, I think, to 3,500,000. The law did not require the President to call up so many men a month, as, for example,

50,000. In view of that situation, why is a different principle to be applied in this instance?

Mr. President, I do not like to be talking about controls, but, fortunately or unfortunately, I happen to be chairman of the Senate Committee on Banking and Currency, and it becomes one of our responsibilities to deal with controls. We have therefore considered the subject. The argument is made that, under legislation of the kind now proposed, there would be a tendency to maintain high prices. I think there is no valid support for that argument. I am a businessman and have been for many, many years, and, as a businessman, Mr. President, I may say I would much prefer to be in a position to know that, if our country faced a grave emergency tomorrow or the next day, or 6 months from now, prices would be held stable, rather than be in the position of not knowing to what levels prices would go.

The argument in opposition to the bill reduces itself to an argument based upon an alleged principle that is thought to be involved. I might well agree with that argument were we not at war. But our country already is at war. At least, our forces are fighting. It is unnecessary for us to incorporate in the pending bill a declaration of war provision, for we are already at war. If Senators desire to write something of that sort into the bill, possibly they should write into it a provision that the controls would automatically expire at the termination of the war in which we are presently engaged.

Are we to ignore completely the fact that there is a war in Korea? How can we do that, when our forces have suffered 138,000 casualties, and when the war has been going on now for nearly 3 years? So far as the fathers and mothers of those 138,000 boys are concerned, it is a war. So far as the home folks of the 500,000 boys who are in Korea are concerned, it is a war. Why should it be thought necessary to include in the pending bill a provision relating to a declaration of war? I repeat, we are already at war. A declaration of war is unnecessary.

Fortunately, we are carrying on that war, at the moment, with the knowledge that there are sufficient civilian goods to supply the demands of our people at home. Let us pray that that situation will continue until the war in Korea is ended. But suppose it does not continue. Let us suppose that tomorrow, or within 6 months from now, the military requires such a large percentage of some particular categories of goods that a sufficient amount of that class of material will not remain available for the civilian population. I am speaking of a continuation of the war in which we are now engaged.

I repeat, why should we be asked to write into this bill a provision regarding a declaration of war, when we are already at war? I have absolutely no objection to such a provision. I will agree with any Senator who says the Congress ought to declare war. I shall vote for any bill that may be introduced which makes it impossible for the President of the

United States to send our Armed Forces into war at any place without a previous declaration of war. I would vote for such a measure, because I think such a stand would be sound.

The fact is, Mr. President, we are at war, and we have been at war since June 1950. It is therefore unnecessary to write into the pending bill a provision as to a declaration of war. We do not need to talk about really getting into a war, we are in a war. We will have been in a war 3 years the 21st day of next month.

All I am trying to say, and all our committee is trying to say, is that under present circumstances, even if the fighting continues, we do not need controls. We do not need them now. I repeat, I hope we shall never need them. Let us hope that, even if we were to become involved in a much bigger war than the one in which we are now engaged—and let us pray God we may not—the productive genius of America would be great enough to supply the necessary military goods and also to supply what the civilian population needs, so that everything would be in balance, and prices would not rise. Let us pray that that will happen. I hope it will. I think that is the situation at the moment.

Does anyone know that conditions will continue as they are as long as the Korean war lasts? Why does anyone talk about getting into a war, when we are already engaged in one? Why does anyone take that position?

We ought to protect the economy of the United States. We ought to protect the millions and millions of people who are living on fixed incomes. I do not believe we ought now to take the position that we are at peace, that everything is normal, that there is no fighting. I do not believe we ought to take the position that there is no war, when there is a war.

In conclusion, Mr. President, I wish to say I have no objection to changing any language in the pending bill that will make it a better piece of legislation. I have no objection to doing anything that will protect the fundamental principles of the American system of government. My desire is to protect the private enterprise system, because that is the American system.

But, Mr. President, I am one Senator who will not close his eyes to the fact that we are already at war. I will not close my eyes to the possibility that it can become a bigger war. I do not believe that we should leave ourselves open to the possibility of finding ourselves in even a bigger war with absolutely no laws on the statute books to deal with what I consider to be the very vital needs of 160 million Americans.

Mr. BENNETT. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I am glad to yield to the Senator from Utah.

Mr. BENNETT. Some time back, the Senator will remember, he had something to say about not having a standby organization. I wanted to make sure that the Senator had the understanding that there was no provision within the pending bill to set up a standby organization.

Mr. CAPEHART. The bill provides for a 90-day freeze. But the Senator will remember that Mr. Flemming, who represented the President, made a statement on this subject. He stated that, whether the Congress of the United States took any action on this subject at this time or not, the executive branch intended to do everything that could be done under existing law, with the facilities that were available; that the executive branch would work to set up and maintain an organization to deal with the subject of controls, if and when the need should arise. The Senator remembers that, does he not?

Mr. BENNETT. I am perfectly clear on that point. The work of the Department of Commerce and of the Office of Defense Mobilization will continue, whether or not the bill is passed.

I have one other question, and then I shall be through. The distinguished committee chairman has made it perfectly clear that he feels, as we all do, that we are now at war. Earlier he made the point that whenever we were at war we needed direct price, wage, and rent controls. Yet, we have been able to go along without them, and, in the face of the present war in Korea, our President has removed such controls.

I make the point only to suggest that I do not believe it is inevitable or necessary that whenever we are at war we must have direct price, wage, and rent controls. I think the Senator from Indiana and I are in agreement, so far as the present situation is concerned. I suggest that our ability to get along without such controls and still be at war indicates that there may be other circumstances in which such controls may not be necessary.

Mr. CAPEHART. The able Senator from Utah is correct. I have no quarrel with what he has said. I hold in my hand four volumes of the hearings in which more than 200 times I invited the attention of everyone to the fact that we were talking only about a grave national emergency, and it will be found that in practically every instance when I used that phrase it was used in connection with the Federal Government taking such a great percentage of domestically produced goods that there was not sufficient remaining to go around among our civilian population; that the amount left over was so small that it would have to be allocated and the price must be controlled. If I said it once, I said a hundred times, and I repeat it today, that we are now at war. We did have controls, and they were taken off, rightfully so, in my opinion. They could well have been taken off last July. I said a moment ago that I hoped we would always have such a great production in this country that we could carry on and furnish our civilian population with all it needs, as well as supplying the military. But the time may come when the military will need such a large percentage of our goods that we shall have to have direct price, wage, and rent controls, which is the purpose of this 90-day freeze. If a grave emergency should suddenly come upon us, the President could use this proposed legislation.

I do not think there is too much difference between our viewpoints on this question.

The argument will be made that such a bill has a tendency to keep up prices. I do not think there is any merit in that argument.

Another argument will be made that price controls have never worked, and are of no value.

There will be those who may take the position that in voting for this sort of a bill we are voting for permanent controls. That, of course, ought not to be said or even intimated, because the record is crystal clear that that is not what we are talking about.

I do not believe, Mr. President, there will be any controversy over any other features of this proposed legislation. I am hopeful that we can get through with this bill tomorrow.

Mr. GOLDWATER. Mr. President, I wish to discuss briefly a question of principle in connection with the pending bill. The question was brought up by the distinguished Senator from Indiana [Mr. CAPEHART]. In my opinion, the bill involves a principle inherent in our free-enterprise system. We may ask ourselves, since free enterprise is such a dominant feature of our economic life and has made this Nation the greatest in the world, why at a time when we most need the strength it gives should we turn away from it and go to Government controls. That, it seems to me, is the principle involved in this debate today and probably tomorrow.

Before coming to the Senate I was engaged in a small business and because the experiences with controls are still ripe in my mind I thought it would be wise to present to the entire body a discussion of controls and what they have done from the viewpoint of a businessman.

We sometimes feel that in price controls we have discovered something new and that we embarked on some spectacularly new thing in the last war when we made use of them; but the history of price controls is old.

HISTORY OF PRICE CONTROLS

On the Archives Building, on the stone shoulders of the steps facing Constitution Avenue, are eight words. On one side it says, "What is past is prologue," and on the other side it says, "Study the past." The experiences of history should be of great value in determining whether to repeat control legislation, or whether to even threaten the economy of this country by their heavy weight hanging above for use, as the proponents suggest, in an emergency.

The mistaken idea that by government edict prices or wages or both can be controlled and thereby provide an effective control to inflation is not an idea that has been developed in modern times. There are records of a great many such controls, going back to the very dim beginning of history. Because of these recorded events and because of the equally well-documented record of their constant failures, it is surprising that the proponents of such controls have not looked to history to find proof of their failures.

A discourse on the historical phase of this subject would, in itself, provide a highly educational and prolonged discussion but, not wishing to burden this body with such a discussion, I would like at this time to only briefly skim over what history provides in the way of witnesses to the subject of price controls.

As early at 3000 B. C., we find in the records of Egypt indications that the Pharaohs exercised control over the production and distribution of food and other necessary items of life, and they did this with varying degrees of thoroughness.

Tablets believed to have been created about 2400 B. C. in the Empire of Sumer, occupying Mesopotamia, the valleys of the Tigris and Euphrates Rivers in eastern Asia Minor, had inscribed on them laws controlling prices, wages, rents, and fees. Probably the best-known of these early laws set down in an attempt to control inflation of money was found in the Code of Hammurabi. It is the best known because practically all of its provisions have been recovered and translated. Price controls under this code were only generally directed, but the main object of these Babylonian monarchs was to keep prices down as a proof of the good government and the prosperity of their reigns. In contrast to earlier attempts, the Babylonian kings allowed some flexibility to exist in prices so that they could meet the conditions of the time. So we find, as early at 2285 B. C., men trying to control inflation, but allowing, as we find allowed in section 8, paragraph (b), the power of discretion which absolutely prevents price and wage controls from being an effective instrument in the control of inflation.

At this point I ask unanimous consent to have printed, as a part of my remarks, data dealing with the history of this subject in ancient times. By the way, this matter was printed once before in the RECORD. It is a study made by Representative RALPH W. GWINN, of New York, and is one of the finest treatises on the subject I have ever had the privilege and pleasure of reading.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

CONTROLS TRIED 4,000 YEARS AGO

The temptation for people in power to tamper with prices and production seems to be a very ancient human game. Thus, in the laws of Hammurabi, king of Babylon—2285 to 42 B. C.—we find wage controls for boatmen, reapers, threshers, shepherds, laborers, artisans, bricklayers, tillers, stonecutters, milkmen, and carpenters. Regulated also were builders' fees and warehousing, as well as rental of cows in milk, calves, oxen, wagons, and freight and passenger boats. On the basis of historical evidence, we know that ancient history, throughout the changing centuries, is characterized by a never-ending succession of popular upheavals against tyrannical rules and regulations imposed upon the people from above. This continued strife reveals one of the fundamental themes of human history—a struggle between regimentation and freedom.

We find later laws in ancient history like, for example, the Hittite Code—1350 B. C.—which was discovered in Baghaz Koï in Asia Minor, that attempted to establish provision

for wages and prices. The very fact that such laws had to be abolished or drastically revised under popular pressure indicates that even in ancient times rulers met with deep-seated resentment against their attempts to block the activities and trade of their citizens.

ROME HAD FREEDOM

History tells us that the Roman Republic, under a constitution guaranteeing freedom, became the envy of the barbarians of other countries. Its soldiers were increasingly victorious in their conflicts with the half-hearted mercenaries of neighboring nations that enjoyed little freedom. The glory that was Rome extended throughout what is now Western Europe and northern Africa because Rome was the center of freedom. There were no planned economies. As Gibbon tells us, freedom, honor, and justice were universally recognized virtues. And the freedom of Rome extended to its colonies.

The recurrent famines of earlier days were experienced with less and less frequency. Rome gave the civilized world the highest standard of living then known to mankind. But what happened? The leaders reached out for power. The republic became an empire. At first the emperors were cautious. They talked freedom as they planned a police state. Gibbon says, "Augustus was sensible that mankind is governed by names; nor was he deceived in his expectation that the senate and the people would submit to slavery, provided they were respectfully assured that they still enjoyed their ancient freedom. A feeble senate and enervated people cheerfully acquiesced in the pleasing illusion." And so the people were fooled by bread and circuses. They looked to the government to supply more and more of their needs. Production declined everywhere. Prices skyrocketed.

ROMAN CONTROLS FAILED MISERABLY

Emperor Diocletian decided to maintain his popularity with promises to fix prices and reduce the cost of living. So in A. D. 301, he issued an imperial edict fixing the prices of commodities for the whole Roman Empire. His grandiose scheme was ushered in with a fanfare of benevolent propaganda. In fact, in the preface to the edict, the Roman Emperor shows an insight into the laws of psychological propaganda technique which is as startling as it is up to date. He assures his people that the coming economical control system is built on the highest motives of making the whole nation participate "in the blessings of that peace for which we have laboriously striven." He continues that in order to make this price-fixing system work, it is necessary for the rulers like "watchful parents of the whole human race" to help the people with remedies from above, and that such measures have become necessary, since humanity cannot achieve such good results by its own free action.

The edict goes on to explain how the people have become greedy; how exorbitant profits were being made; how monopoly was running wild, and the people, therefore, needed protection from foes within as well as foes without. The only cure was a complete overall control of food, clothing, wages, and so forth. Reading the list of commodities which the emperor asked his Mike Di-Salle of that day, Maximianus, to take control of, reads astonishingly like our own modern OPS lists: Farm products, dyes, needles, feathers, filling for upholstery, seeds, wine, oil, meat, poultry, fats, sea food, building timber, wooden posts, finished wagons, agricultural implements, and so on ad infinitum.

In order to enforce his imperial law, Diocletian built up a huge bureaucracy to administer his universal price-control system. A contemporary observer has characterized the situation in the following words: "The number of ministers, of magistrates, of offi-

cers, and of servants who filled different departments of the state, multiplied beyond the example of former times."

The price-control police forces of Diocletian had as their legal weapon, severe penalties against any breach of the law. Death was the punishment for those who dared sell above maximum prices. Death also for the buyer who aided and abetted him. Death, too, for those who bought and sold illegal stocks. However, human nature being what it is, these penalties did not affect the general picture, and no bureaucratic machinery or legal apparatus could prevent a complete breakdown of the law of supply and demand with all the economic and social evils resulting from it.

Economic historians of the Roman Empire find that a situation developed which was as tragic as it was prophetic. Because the scarcity of production was heightened by the interference from price-control laws, prices on consumers' goods in the actual market rose to catastrophic heights. The control system which was put into operation to combat inflation, in this manner actually created inflationary trends which broke the backbone of the economic life of a great empire. Everywhere the results soon became visible: Building and construction stopped entirely. The arts and sciences fell into decay to such an extent that modern historians can recognize immediately the crudity and purility of the craftsmanship of this period. Artistic creativeness and inventive skill did no longer thrive in this new atmosphere of economic tyranny.

History goes on to point out that while the economic waste was incredible the trades sank to even lower levels. Poverty was created among the broad masses, while the merchants and small entrepreneurs were impoverished into bankruptcy. Landowners and manufacturers, who were the hardest hit, lost interest in a system of economic slave control that took away the private inventiveness and enterprise of the human genius.

In the realm of agriculture the situation became so bad that the Emperor found it necessary to order the farmers and the farm laborers controlled by serfdom under state supervision. That this measure could only lead to a worsening of the agricultural situation is perfectly explainable by the well-known historical law, that soil tilled by slave labor never yields abundant fruits such as land cultivated by free farmers.

To meet this general extremity of national economics the Emperor, therefore, naturally turned to the device which is as common as it is artificial, namely, of exorbitant taxation. Taxes and surtaxes multiplied in a hopeless effort to fill an ever-empty treasury.

Thus ends the only total price-control system which the history of the Roman Empire records. Diocletian alone, of all the Roman emperors, was foolish enough to attempt it. If he had listened to the history of his Empire, he might have observed how earlier attempts of partial price fixing under emperors like Tiberius, Commodus, and Alexander Severus all had broken down. However, like many panic-stricken tyrants in the history of mankind, Diocletian apparently fancied that, if the price-control system only could be made totalitarian and foolproof, it would work where partial attempts have broken down. He lived to see the tragic mistake of his economic tyranny over a whole nation's life, since his experiment ended with such a complete failure that the edict had to be repealed as useless and unenforceable. Soon after the poverty-stricken and indignant people forced his abdication on May 1 A. D. 305.

The more serious lesson of this Roman price-control experiment is grasped, however, only if one realizes that its long-range effect on the Roman empire was directly connected with the economic destruction of

the greatest empire of ancient history. As the historian, Jules Toutain, has pointed out, the economic breakdown of the Roman empire made it fall an easy prey to the attack of the barbarians who, a few generations later, poured in over the borders of the empire south of the Danube and west of the Rhine. What had once been a proud and great nation had deteriorated into a mass of people which had lost both the productive initiative and the national self-esteem which make a people strong and healthy. One of the fundamental laws of national defense is that only a nation in which freedom has been preserved under law is able and willing to take up arms in defense of human rights and human dignity.

Upon the grave of the Roman Empire the well-known historian, Samuel Dill, of Oxford, has written the following epitaph, which we may do well to remember:

"The system of bureaucratic despotism, elaborated finally by Diocetian and Constantine, produced a tragedy in the truest sense, such as history has seldom exhibited: In which, by an inexorable fate the claims of fancied omnipotence ended in humiliating paralysis of administration; in which determined effort to remedy social evils only aggravated them until they became unendurable; in which the best intentions of the central power were, generation after generation, mocked and defeated alike by irresistible laws of human nature and by hopeless perfidy and corruption in the servants of government."

It is not surprising that kings, who were notorious for their excessive egotism, should be found in the list of rulers bent upon price control. There is Philip IV, of France, who, in 1306, antedated Hitler's Jewish pogroms by six centuries, and who created a dire scarcity of wheat, bread, and clothing throughout his nation by his price-control system.

There are English kings, like Henry III and George II, who tampered with prices of grain and bread until Parliament rose up in indignation and repealed these royal price-control attempts.

There was Edward II, who, on an island like England, hit upon the ridiculous scheme of safeguarding production level on seafood by a control system which was inaugurated as a benefit for the people, but actually turned out to be such an impossible flop that all fish disappeared from the markets in the British Isles.

FRENCH CONTROLS FAILED

A complete survey of ancient, medieval, and modern price-control systems proves that they created scarcity instead of production and ill will instead of cooperation. One of the most illustrious and meaningful examples of this historical law we find as we turn to the history of the French Revolution.

When the leftists of that day—the Jacobins—decided to destroy French culture and French enterprise, they made use of the old tyrannical medium of a violent price control. Being experts in revolutionary technique, they chose to place iron control upon 39 necessities of life under the agency called committee of public safety.

The picture of what happened to the French revolutionary price-control system runs true to pattern.

As one historian, Andrew Dickson White, wrote in 1876:

"The first result of the maximum was that every means was taken to evade the fixed price imposed, and the farmers brought in as little produce as they possibly could. This increased the scarcity, and the people of the large cities were put on an allowance. Tickets were issued authorizing the bearer to obtain at the official prices a certain amount of bread or sugar or soap or wood or coal to cover immediate necessities. As another historian reports this era:

"Prices were fixed. Any attempt to profiteer on necessities was made punishable by death. To break all opposition, the terror was established. The tribunal revolutionnaire began sending scores of innocent people to the guillotine every day. Between March of 1793 and July of 1794 nearly 3,000 people were executed in Paris and about 15,000 in the provinces. At Nantes three or four thousand prisoners were thrust into old boats that were sunk in the middle of the river; at Lyon they were shot down in groups of as many as 200 at a time.

"The Civil War of the Vendee began in 1793. Insurrection against the revolutionary government spread into Poitou, Anjou, and Brittany. Threat of famine compelled the rationing of food. There was much discontent on that account. The Hebert group attempted to incite the famished people to an attack on the convention. Robespierre acted swiftly. Hebert and his chief lieutenants went to the guillotine. That was in March 1794.

"Robespierre, then 35, became the uncontested master of the situation. From April to July 1794, his authority was unchallenged. He moved rapidly toward his goal of complete social equality. It was ordered that the confiscated properties of enemies of the Republic should be given to deserving patriots. Saint-Just was charged with this distribution, and was authorized to revise the code of social institutions in the interest of pure democracy * * * trial by jury was denied to those suspected of conspiracy and the tribunal was authorized to make condemnations without the hearing of witnesses. Heads began to fall faster than ever. It was the great terror. In 45 days there were 1,285 executions.

"The great terror was an expression of Robespierre's impatience to realize his ideal state. He wished to destroy all opposition to the establishment of social and economic equality. But he had overreached himself. The razor of the Republic began to lose its popularity. The pitiless apostle of liberty, fraternity, and equality began to lose prestige. The word 'tyrant' was murmured. * * * On July 28, 1794, Robespierre and his brother, Saint-Just and 19 others were executed. That ended the terror, and it all but ended the Republic.

"Democracy had followed autocracy to the guillotine. The death of Robespierre ended the dream of pure democracy and equality. No man dared to espouse the perilous cause that had brought death to its devotees. The Robespierre legislation in the interest of equality was either suppressed or ignored and, to the delight of the merchants, price control was abandoned."

All price fixers do not meet so violent an end as that of Robespierre but the wrath of the hungry and disillusioned people always descends upon them.

A sigh of relief and a new spirit of self-governed activities swept through France. The farmers plowed and planted, and during the month of July 1795 they could once again harvest their crops as freemen after the disastrous and negative years of revolutionary price control. Liberty had conquered once more.

Mr. GOLDWATER. Mr. President, to augment this fine presentation of the Honorable RALPH GWINN, and to provide my colleagues in the Senate with additional historical data as they pertain to the American scene, and not wishing again to burden the RECORD with unnecessary words, at this time I request unanimous consent to have printed in the RECORD, as a part of my speech, a portion of a work being prepared by the eminent economist, Paul H. Nystrom, entitled "An Outline of Government

Price and Wage Controls." This particular portion deals with price controls in early American history during the period of the American Revolution.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

AN OUTLINE OF GOVERNMENT PRICE AND WAGE REGULATIONS

(By Paul H. Nystrom)

EARLY AMERICAN

The early American Colonies from their beginnings were governed by economic and political policies, as well as by the laws of their mother countries.

In Florida the laws of Spain prevailed. In Louisiana the colonial government administered the laws of France. In New Amsterdam the laws of Holland were adopted. Along the Atlantic seacoast the English settlements from New England to Georgia patterned their laws and administration on British models.

Most of the Colonies were established in the 17th century. Consequently, colonial administration was determined by the policies or regulations prevailing in the mother countries during the 17th century. Since this was the era of extreme efforts to regulate both prices and wage rates in the European countries, similar attempts were made to establish such controls in the Colonies. Price and wage controls in the English Colonies followed the laws of England of the same period.

The Plymouth Colony, in 1620-21, attempted to carry public regulation even to greater lengths than had been attempted in England. The small band of Pilgrims organized themselves to carry on the activities of their settlement on a communistic basis in which each able-bodied man and woman was expected to contribute his or her labor in accordance with his or her ability and the products of their toil were to be distributed among all in accordance with their needs. William Bradford, the first Governor of the Colony and its early historian, later reported that under this experiment, production during the first year under these principles of communism was not only disappointing but practically disastrous. The men and women gave as little labor as they could to the common cause, but were highly insistent on getting their full shares of the total product.

At the end of 1621 the communistic experiment was deemed a failure and abandoned. In the years that followed, each family sought to gain its own livelihood by clearing the land, raising food, and by hunting and fishing. Within a short time, under individual enterprise, the Colony and its people began to prosper.

The Plymouth, Massachusetts Bay, Connecticut, and other New England Colonies, all enacted public price regulations covering many products. Pennsylvania in 1721 and again in 1772 experimented with price regulation for leather and shoes. In the southern Colonies, there were fewer general price regulations, but most of them concentrated their efforts on the regulation of tavern rates.

From the very beginning the General Court of the Massachusetts Bay Colony attempted to fix prices in the same manner that prices had been and were being established in England under the assizes of bread and beer. The Massachusetts General Court fixed a price of 2 pence per 12-ounce loaf of bread, and a ceiling price of 8 shillings per barrel of beer. Innkeepers were not permitted to charge more than 6 pence per meal.

Later the prices of bread in the Massachusetts Bay Colony were permitted to vary as the prices of wheat changed.

A general price order covering imports from England in 1633 specified that the prices of necessities, such as provisions,

clothing, and tools, must in no case be more than 4 pence above the cost price per shilling of such goods imported from England. Thus, importers and dealers might not secure gross markups on cost of more than 33⅓ percent. This margin had to cover all importation costs, including their labor for handling goods. It is easy to guess that the importers and traders found numerous ways of getting around such a burdensome and unreasonable regulation.

In 1641 the General Court gave up its effort to control the prices of imported goods, but authorized the towns within the Colony, if they so desired, to fix the prices of commodities.

The New Haven Colony, in many respects, followed the practices of the Massachusetts Bay Colony, with a lag of some years. Thus, in 1640, the General Court of the New Haven Colony adopted an ordinance restricting profits on imports to 3 pence per shilling of original cost. Thus, the markup on costs attempted by the New Haven General Court was but 25 percent, as against the 33⅓ percent fixed by the Massachusetts General Court. Historical accounts of how this provision worked are strangely lacking, as if after the adoption of the ordinances the whole matter had been forgotten.

Attempts to control the profits on imported goods were also made in New Amsterdam and in Virginia. A Maryland ordinance in 1640, like the New Haven Ordinance, fixed 25 percent on cost, as the maximum on imported goods.

By the middle of the 17th century, general Colonial regulations intended to fix the prices either of domestic or imported goods fell off, presumably because of the impossibility of enforcing such provisions.

A more intensive effort was made by the Colonies to regulate wages. Following the provisions of the Elizabethan Great Statute of Artificers, work was required of all able-bodied men and women. Provisions for apprenticeship were introduced for boys. Wage rates were fixed by local magistrates. Workhouses were established similar to those in England for those unable to find work but who were deemed able to work. Severe penalties were laid down for violations of these provisions.

The regulations adopted by the Massachusetts Bay Colony were fully recorded and may be considered as typical of the regulations attempted in New England. On May 17, 1630, this Colony established wage rates for building craftsmen at the rate of 2 s. per day. This was apparently lower than the rates actually paid for such labor. A howl went up from the craftsmen to the effect that they were being oppressed by their employers, that prices were rising, and that these wage rates were insufficient to cover their costs of living. The following year, in 1631, this regulation was repealed.

In 1633 the Massachusetts General Court enacted another ordinance fixing the wage rates. Masons, bricklayers, tilers, carpenters, joiners, wheelrights, and mowers were to receive 2 s. per day, or 14 d. if the wage included food and lodging. The best unskilled manual laborers, the ordinance declared, were to receive 18 d. per day, or 14 d. with food and lodging. Local constables were authorized to fix the wage rates of inferior labor. Skilled tailors who boarded with their customers and went from home to home, had their wages fixed at 1 s. per day. Inferior tailors were to receive 8 d. per day.

The enforcement of the wage regulations of 1633 became a problem immediately. Laborers demanded higher wages and employers were not only willing but actually did pay such higher rates in violation of the ordinance. In 1634 the general court repealed the provisions setting the fines for violation.

In 1635 the general court approved an ordinance setting fines and even jail sen-

tences for the payment of wage rates in excess of 2 s. and 6 p. per day. By this time it had become obvious that the efforts to control wages by regulation were completely ineffective and, later, during the same year, the entire ordinance was repealed. A similar ordinance in the Plymouth colony continued and was not repealed until 1639.

The feeling lingered among the officials of the Massachusetts Bay colony that something should be done to stop the rising trend of wage rates. In 1636 the Massachusetts general court authorized the towns of the commonwealth, if they so desired, to fix the wage rates within their own boundaries. Some of the Massachusetts towns exercised this authority. In Plymouth, for example, in 1639, there were laborers who were fined for accepting excess wages.

In 1640 a change in economic conditions of the colony occurred. For a brief interval there were more laborers than jobs. Consequently, wage rates began to decline and the general court, like King Canute who ordered the ocean tides to recede, passed an ordinance authorizing wage decreases. There were, however, no apparent effects of this ordinance upon the wage rates paid within the colony.

By 1675 the attempts of the general court to fix wage rates had come to an end. The laws remained on the statute books unrepealed, but little or no attention was paid to them until the outbreak of the Revolution.

In the New Haven colony, the general court in 1640 established maximum wage rates, but following complaints from laborers amended the act in 1641 to permit the basing of wage rates on the price of grain.

As the price of grain increased, wage rates were increased. Similarly, if the price of grain declined, wage rates were supposed to be reduced.

In New Amsterdam, wage rates were fixed by municipal ordinances in 1639, in 1648, and again in 1658, in each case, apparently, at levels approximating the going rates of wages within the community. Consequently there was no great commotion about the establishment of these ordinances.

In Pennsylvania there was less attempt to control wages as well as prices. In 1685, William Penn reported a law that fixed the hours of work. There were wage regulations in the southern colonies, as well as in the north, but the regulations were mainly established by local, rather than by colonial administrations.

In Virginia an ordinance was drawn up fixing a wage schedule for various types of labor in 1621. In 1639 the Virginia Assembly also established the rates of fees for physicians, surgeons, and apothecaries. In 1640 wage rates for artificers were fixed in the Maryland Colony.

In the Carolinas and in Georgia, wage rates and the establishment of the wage rates was attempted by local communities. In 1696 an interesting deviation in the type of wage rates was ordered in the Colonies of South Carolina and Georgia. In order to obtain an adequate supply of servants from the British West Indies, minimum wage rates of pay were established to attract labor.

In general, while the regulation of prices and of wages in the American Colonies, followed the patterns of such regulations in England, there were even greater failures in the Colonies than there were in England. In spite of the best intentions of both colonial and local governing bodies, such regulations by the 18th century had come to be considered as not merely ineffective, but merely as troublesome nuisances.

THE AMERICAN REVOLUTION

The Continental Congress in 1774, in its Articles of Association, agreed to keep prices from rising above those of the preceding year. Little was done, however, to implement this purpose. In 1775, more specific

provisions were enacted by the Continental Congress for maximum prices of tea, coffee, salt, pepper, sugar, and other imported goods. In 1776, the Continental Congress authorized local communities to set the prices of goods within their respective jurisdictions. The Continental Congress also enacted an ordinance fixing a gross profit of 5 percent above production costs on goods purchased or seized for military use.

In spite of these provisions, both prices and wages began to rise rapidly through the Revolutionary War years. There were endless debates not only in the Continental Congress, but in the Colonial Assemblies, on what types of regulation might be introduced to prevent these increases. Some of the Colonies enacted their own price and wage regulations. In 1776, Connecticut attempted such regulation. Similar ordinances were passed in that year in Providence and Newport plantations. The following example of a maximum price and wage rate regulation established in Rhode Island may be of interest.

Maximum prices and wage rates fixed by the Rhode Island Ordinance of 1776 are shown in the accompanying table:

Commodity	Ceilings	Values in current American money
Commodity prices:		
Rum.....per gallon.....	4s. 6d.....	63 cents.
Milk.....do.....	8d.....	9 cents.
Tobacco.....per pound.....	4d.....	5 cents.
Turkeys and Dughill fowls.....do.....	8d.....	9 cents.
Best beaver hats.....each.....	42s.....	\$6.30.
Hotel services:		
Full meals for travelers, exclusive of wine.....	16d.....	21 cents.
Lodging per night.....	4d.....	5 cents.
Wage ceilings:		
House carpenters.....per day.....	5s.....	70 cents.
Barbers.....per shave.....	3d.....	3½ cents.
Tailors.....per day.....	3s.....	5 cents.

Source: New York Times, July 27, 1951.

Before the end of the war, the futility of controls was generally accepted. Even as early as 1777, it had become evident that "regulation of prices always has and always will be impractical in a free country."

In 1779, a petition was drawn up and signed by a large number of people, and presented to the Philadelphia city authorities, urging that fixing a price at less than could readily be obtained in the market, is a form of confiscation, a class tax, and "an invasion of property rights."

By 1780 prices had increased at least to 20 times what they had been in 1774.

The real difficulty was, of course, the depreciation of continental currency and similarly of currency issued by the Colonies. The value of colonial paper money declined to the point that some of the Colonies finally repudiated their entire obligations. Continental currency continued at a great discount, "not worth a continental," until after the Federal Government had been established, and an Act of Resumption of Payments was passed in 1789.

This background of disastrous experience with artificial attempts at control in the face of inflationary and unredeemable paper currency, led in a few years to the general abandonment of all price and wage controls in this country. The renunciation of such controls was likewise stimulated by the general rise in the western countries of Europe of ideas of liberalism that objected to all forms of governmental interference with the ordinary economic affairs of the people.

Mr. GOLDWATER. Mr. President, few people remember, but price and credit controls were attempted in World War I. Because these few controls were supported by patriotic reduction in gen-

eral consumption and because, on the other hand, raw materials and transportation facilities were strictly rationed, this program did a fair job during a brief period of World War I. However, again we find that prices of uncontrolled items moved steadily upward. This price control broke down in the summer of 1918, and within 3 months, prices went higher than they had moved during the preceding year.

For a brief summation of the Government's efforts in this line in the First World War, I should like to read what was said by the authors, Shultz and Cain, in *Financial Development of the United States*, Prentiss-Hall, 1937, pages 564 to 568:

Immediately following America's declaration of war, before ever the Government could put its war purchasing or borrowing programs into full effect, prices began to mount above the already high prewar levels. Within 3 months, prices had risen by nearly 15 percent. A continuation of this tendency would certainly have rendered the Government's financial problems more difficult.

To halt the rise, the Government fixed prices for its own purchases of war materials, for foodstuffs and other consumption necessities, and for a number of basic producers' goods. In all, 573 commodities were brought under Federal price control. Their prices were, in principle, fixed to yield a fair profit to the bulk of the concerns in each industry, but the application of this principle was frequently inconsistent. The price-fixing agencies were the War Industries Board and the Food and Fuel Administrations. Voluntary agreement was the method of control in most general use, with the licensing, rationing, and priority powers of various war agencies held in reserve to coerce recalcitrant sellers.

I reminded Senators earlier of the inscriptions to be found at the entrance of the Archives Building, "What is past is prologue" and "Study the past." Let us, for a brief moment, consider history and consider what is to be gathered from a study of the history of early attempts to control prices and wages.

As we have seen, they are as old as recorded history. Practically all of the devices of control we have tried recently were tried many times before. The history of these controls, as far as the record has been available for study, indicates to us that very few attempts seem to produce the desired effect, and then only for a brief period of time. Most of these efforts on which we have information failed utterly and dismally. No historian who has written on these controls has judged the effects of the controls to be favorable.

Modern history is replete with instances which all of us in this chamber can well remember, and should heed in our consideration of the pending proposal. Let me quote what Goering said to Henry J. Taylor long after Goering and Ribbentrop and others had been put in jail following the surrender of Germany:

Your America is doing many things in the economic field which we found out caused us so much trouble. You are trying to control people's wages and prices—people's work. If you do that, you must control people's lives. And no country can do that part way. I tried it and failed. Nor can any country do it all the way

either. I tried that too and it failed. You are no better planners than we. I should think your economists would read what happened here.

Germany has been beaten, eliminated, but it will be interesting to watch the development of the remaining great powers, the stupidities they practice within their homelands, their internal strife, and their battles of wit abroad.

Will it be as it always has been that countries will not learn from the mistakes of others and will continue to make the mistakes of others all over again and again?

Now, believe it or not, this same opinion was expressed by the then Vice-President of the Council of People's Commissars and People's Commissioner of Foreign Trade in an interview that was printed in Soviet newspapers on May 18, 1945—supplied through the courtesy of Prof. Jacques Rueff, of the Institut d'Etudes Politiques, Paris, France. This man blamed the Hitler regime for the serious food situation in Germany existing at that time, saying that Hitler had forbidden free trade in all articles of daily consumption.

I would call attention to a fact stated in the *Economic and Political Hazards of an Inflationary Defense Economy*, prepared for the Joint Committee on the Economic Report by the committee staff in 1951, page 19:

It is significant that almost without exception every country suffering a runaway inflation in recent years has not only had rigorous laws on its books providing for direct controls over prices, wages, and materials, but certainly astronomical interest rates and drastic penalties for noncompliance.

So, if we will follow the sage advice of experience as taught by history, we will forever abandon the idea that the freedom of this economy of ours can be hampered and hamstrung by controls for any period of time. Certainly it is well to remember the admonition of those inscribed words:

What is past is prologue. Study the past.

WHY CONTROLS WON'T WORK

One of the basic reasons why price and wage and rent controls have not worked has been the flexibility allowed in the laws providing for these controls. We find, in spite of extremely recent history—as short a time ago as 6 months—that incorporated in S. 1081, title VIII, section 801, paragraph (b), is language which, in the event the bill becomes law and this provision is allowed to stay in the bill, will preclude from the start any possibilities of success for this repeat venture. Paragraph (b) says, in part:

The President may provide exemptions from—

In the Defense Production Act of 1950, as amended, we find provisions that exempted some 11 categories containing many segments of our economy. These include, among others, the fees charged for professional services, such as fees of doctors, lawyers, professional engineers, architects, certified public accountants; the prices on rentals of materials used by press associations in books, magazines, motion pictures, newspapers, or rates charged by newspapers, magazines, radio stations and theaters.

They include also rates charged by insurance salesmen and underwriters; prices and wages of barbers, beauticians; wages and salaries paid to employees of small businesses; prices charged and wages paid by bowling alleys; wages paid for agricultural labor, and others too numerous to mention.

Because of these exemptions provided by law—and, mind you, these can be provided again under the terms of the proposed legislation—we find a total of 11.9 cents of each dollar spent by the consumer in my State of Arizona uncontrolled.

I use my State because of my closer and greater knowledge of the economy of that State. We find 11.9 cents of each dollar spent by the consumer in my State of Arizona uncontrolled. If we incorporate the same language as in the expiring act, which, by some chance, might become law, which language would exempt rent, we can add another 10 percent to the percentage which I have stated. However, under existing laws, practically 12 percent of each dollar spent was never controlled, and we wonder why price and wage controls did not work. We did not freeze the economy. I contend that title VIII will not freeze the economy.

Bernard Baruch said, "Put a freeze on, a solid, across-the-board freeze. That means every man's job, every man's salary, and every man's income. Make it work." If that were done, I would be the first to agree that price and wage controls under that situation could work. But we will never do it in this country.

As I have said, I used the breakdown of the dollar in my own State of Arizona, but I have prepared also a breakdown of the dollar spent over the United States. I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a breakdown of the wage-earner family dollar spent in Arizona, and also a breakdown of the consumer dollar, as prepared by the staff of the Joint Committee on the Economic Report.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Percentage distribution of expenditures for current consumption, Phoenix, Ariz., wage-earner families

Percent of expenditures for current consumption.....	100.0
Housing.....	10.6
Fuel, light, refrigeration, and water....	3.6
Household operation.....	3.3
House furnishings and equipment (total).....	8.2
Household textiles.....	.7
Furniture.....	1.8
Floor coverings.....	.4
Kitchen, cleaning, laundry equipment.....	3.4
Miscellaneous.....	1.9
Food.....	30.0
Alcoholic drinks.....	1.3
Tobacco.....	1.7
Personal care.....	2.2
Clothing (total).....	9.5
Women and girls (total).....	4.1
Outerwear.....	1.9
Underwear and nightwear.....	.7
Hosiery and footwear.....	1.0
Hats, gloves, and accessories.....	.5

Footnote at end of table.

Percentage distribution of expenditures for current consumption, Phoenix, Ariz., wage-earner families—Continued

Clothing—Continued

Men and boys (total).....	3.9
Outerwear.....	2.2
Underwear and nightwear.....	.4
Hosiery and footwear.....	1.0
Hats, gloves, accessories.....	.3
Children under 2 years (total).....	.2
Clothing materials and services (total).....	1.3
Medical care.....	15.3
Recreation.....	13.8
Reading.....	1.6
Education.....	.4
Automobile transportation.....	16.8
Other transportation.....	11.4
Miscellaneous.....	1.3

¹ Family, including expenditures and savings in 1950 (Bulletin 1097, Department of Labor).

Source: Department of Labor, July 1952.

Items	Percent
All items.....	100.0
Food.....	30.1
Cereals and bakery products.....	3.1
Meats, poultry, and fish.....	8.0
Dairy products.....	4.2
Fruits and vegetables.....	4.5
Other foods bought to be prepared at home.....	5.7
Food away from home.....	4.6
Housing.....	32.0
Rent and other shelter.....	17.2
Gas and electricity.....	1.9
Solid fuels and fuel oil.....	1.3
House furnishings.....	6.6
Household operation.....	5.0
Apparel.....	9.7
Men's and boys' clothing.....	3.1
Women's and girls' clothing.....	4.3
Footwear.....	1.5
Other apparel.....	.8
Transportation.....	11.0
Medical care.....	4.7
Personal care.....	2.1
Reading and recreation.....	5.4
Other goods and services.....	5.0

Mr. GOLDWATER. It is ridiculous to say that we can control 100 percent of the dollar when we eliminate even a small fraction of that dollar from controls. The eminent Mr. Bernard Baruch recognizes this. In his statement before the Banking and Currency Committee on Monday, March 23, 1953, under the paragraph heading of "Not the Same Mistakes," he said:

All segments of the economy should be treated alike, with special favors for none.

The flexibility under which we have been living in recent price controls, and which is provided for in this current legislation before us, can receive the brunt of the blame for the failure of these controls, just as this flexibility has been the cause of failure during the years of history. For example, the law was supposed to maintain a control on wages, but we find that the average hourly wage of factory workers in January 1951, when wage control went into effect, was a dollar and a half. As of January 1953, the average rate per hour was up to \$1.69. With wage control, the average hourly factory wage rose 12.7 percent in 24 months, a sharper rise in wage rates than in the 29 months from August 1948 to January 1951, when there was no wage control. The flexibility allowed under the law did accomplish one thing. It

allowed us to perform the greatest of economic feats. We had our cake and ate it, too.

By freezing some prices and letting wages and other things run wild, we, of course, created the greatest pent-up inflation in history.

Another reason for failure is that price-and-wage controls require bureaucracies to supervise, inspect, and investigate. It is historical that, as bureaucracies are created, bureaucracies in turn, by their own edicts and regulations, change the original intent of the law which created them. Bureaucracies cost money; and as they live, they tend to grow. For example, it cost \$758,429,000 to operate the OPA from 1942 through 1947. Early OPA planners envisioned a paid staff of 90,000. While it never reached this figure, it did approach a level of 64,000 persons in 1945, and of this total 4,000 were employed in the Washington office. Most of OPA employees were found in 9 regional offices, 94 district offices, 4 territorial offices, 288 defense rental area offices, and 5,556 war, price and rationing boards. These figures do not take into account the many thousands of volunteers who assisted during this program. Likewise, the Office of Price Stabilization mushroomed into a gigantic bureaucracy. By October of 1951 the number of OPS employees had passed 11,000. Of this total, 2,410 were in Washington, and 8,339 in 14 regional offices, and 91 district offices. The administration's price-control plans included 19,000 permanent positions in the OPS for the fiscal year 1952, and we find in the 82d Congress, as expressed in House Document 172, June 21, 1951, a request for funds totaling \$142 million for the Economic Stabilization Agency. The major share of this was slated for OPS.

This tremendous cost in dollars, personnel, and times does not reflect a similar, and probably much greater, cost to the business concerns of this Nation. Untold millions of man-hours were required to adjust prices, to list inventories, and otherwise meet the requirements of OPS by businesses. Expenditures of astronomical figures were necessary in the American business world to attempt to bring business houses into compliance with the law. It is very doubtful, as we look at controls in the cold light of history, whether controls have ever justified their costs.

As I sat in committee hearings and listened to the pleas of the small-business people and big-business people for the discontinuance of any thinking about controls, I knew that in the back of their minds was the memory of days, nights, and weeks spent on inventory records and price-adjustment records, which, in 99 cases out of 100 were never examined by the bureaucrats who operated the OPS. That was a flagrant waste of the manpower and womanpower of this country. Both big- and little-business men came before the committee pleading for no more of what they had been through.

Advocates of the emergency freeze stress the point that it is supposed to be only temporary, but I point out to this

body one of the inherent characteristics we have found about Government bureaucracies set up to take care of many such emergency conditions. Bureaucracies do not cease existence without a struggle. They become empires unto themselves and, as such, contrive every excuse and reason known to man to justify their existence. To point out this danger, I quote from an editorial of the New York Times of December 13, 1952:

Most Americans, however, who have informed opinions on the matter are convinced that direct controls are alien to the spirit of the free-enterprise system, and that the burden of proof is at all times on their advocates to justify their continuance a single hour longer than necessary.

This view is strengthened by the fact that while stabilization officials invariably profess to hold controls in very low esteem conceptually, they have a habit that is just as invariable of discovering that the particular controls they are administering just happen to be an exception to the general rule, or that the particular moment is peculiarly inappropriate for decontrol. (It may be set down as an almost unexceptional generalization that there is one time that is always regarded by stabilization administrations as decidedly inauspicious for purposes of decontrol; that is the present.)

Price and wage controls which are reasonable in the public interest and which have the support of patriotic public opinion are likely to have the good will and support of the people.

In emergencies people want to cooperate; they want to help win wars; they want to do their part; and they want to do the best they can under the regulations. We found this to be true in the early years of World War II, but in spite of strong patriotism and more or less general acceptance of controls, retail prices from 1941 to July of 1946 went up 51.9 percent, and, at the same time, factory straight-time wage rates went up 52 percent. That was under control. We cannot because we do not have the information, take into consideration what additions to these amounts would have been made by the adding of black market operations or overtime wage rates, fringe benefits, and so forth. Because of these things, we find a control program that had met with popular reception at the outset of World War II failing; and there is room for serious question as to just what was accomplished by the OPA.

In presenting this general discussion on price and wage controls I think it is very appropriate that I refer briefly to what price actually is. I find that many people in the United States, and particularly in Washington, have no conception of what price means to our system of economics, and how it regulates and controls the entire structure under which we live.

WHAT IS PRICE AND ITS FUNCTION?

For a better understanding of this subject, I would like to discuss briefly with you the functions of the price system. This is not understood by all people, and this is because price is something that is fixed in their minds as a number on a tag or an amount on a contract.

The price system in our economy performs three basic jobs:

First. It guides the consumer in choosing the goods and services upon which he will spend his income;

Second. It facilitates the movements of goods and services through the marketing system from producer to consumer; and

Third. It tells the merchant, and through the merchant, the producer, what the wishes of the consumer are, and thus guides in the allocation of resources by indicating to merchant and manufacturer what the public wants and what they will pay for it.

Price is not something that is arbitrarily arrived at by a manufacturer or a retailer. Price is established from experience, and prices are never set in their amounts. Prices are variable, and they vary from day to day and from season to season, as the consumer expresses his desires by buying, or not buying, at the prices offered.

Members of this body have expressed great interest in the ultimate consumer, and legislation has been introduced aimed at protecting this consumer. I suggest here that the price system of our economy does just that.

Our price system is probably the greatest bureau of standards we have ever had. The consuming public will not stand for exorbitant, high prices. It will not stand for poor quality. They want to buy what they want, when they want it. As a merchant I can tell Members of the Senate one of our great problems is to try to anticipate the needs and desires of our customers.

Our great competitive system does not limit selection to one, but rather it provides a multitude of selections in each category that the customer is interested in. No matter what is manufactured that is new, it is copied overnight at lower prices and at varying degrees of quality and it is the customer's acceptance or rejection of these prices or quality that indicates to our economy what people want and what they want to pay for it. If he decides the price of one article is too high he substitutes another for it. In this way he lets the producer know what to produce.

This all happens in a free market economy, or a free enterprise economy, whatever we want to call this economic system under which we work.

Merely because there may be some people in this country who do not like the system and what it entails, I should like to inject here a few remarks of explanation, or at least what I believe to be the basis of our thinking on the free enterprise and free economic system under which we work.

First. The natural resources and the instruments of production are for the most part owned and developed by private citizens, either individually or in groups.

I felt during the debate on the so-called tidelands legislation that a division was clearly marked for the future of this country and for history. On one side were those who said the Federal Government should dominate everything, and, on the other side, those who

said the States have rights in this picture.

Second. The individual is left free within his means and ability to become job-holder, job-maker, or self-employed.

Third. The consumer, through his freedom of choice, directs production—determines what is to be produced, in what quantities, and in what form and quality and at what price.

Fourth. Through this open opportunity and through the competitive motive, the productive work of society gets done. By harnessing the ambition to get ahead, the benefits of invention, of discovery, and of the products of others are broadly shared by all groups in society.

Fifth. A free economic society is essentially voluntary; directives, orders, and regimentation are kept to a minimum.

But let us see what happens when prices are held below market levels, as has been the case in the last 11 years.

First. Restraints upon consumption are lifted and the consumer is encouraged to buy.

This is a natural chain, Mr. President.

Second. But producers are not encouraged to raise production. In fact, the restraints placed upon prices serve notice on producers to reduce production. Consequently, shortages develop and available supplies have to be rationed.

Third. With artificially restrained prices encouraging consumption and discouraging production, inevitably subsidies to producers have to be adopted in order to maintain any degree of production.

It is evident that, if price controls are imposed over any length of time, rationing and subsidies become inevitable and, in this respect, I would like to quote from Prof. Don Paarlberg. This excerpt is quoted from *Price Freedom—The Key to Economic Freedom*, in an address the professor made at Purdue University:

Ceiling prices, rationing and subsidies are the three-legged stool of an economy which endeavors to hold prices below the equilibrium level. A stool will not stand for any length of time on 1 or 2 legs, but needs all 3.

In England, they understand this better than we do, for they have been at it longer. They fix prices, ration and subsidize agricultural commodities pretty well across the board; they have had to do this to make the system work. We will have a similar experience if we stay with it long enough. If we won't let the price system function, we shall have to step in and do the jobs that the price system formerly did for us.

We can see, therefore, that along with price and wage and rent-control legislation, we must also provide for rationing and for subsidies, and we need go back no further than the history of the law that is now expiring to find this to be true.

The costs involved in these subsidies are not small. In World War II, under the stabilization program, subsidies alone were in the neighborhood of \$5 billion, and the administration of price and rent controls and rationing under OPA amounted to more than \$750 million.

In concluding my brief discussion, I should like to deal also with the subject of wages.

WAGES

While discussing prices it is also proper to discuss briefly, wages and their place in this whole scheme of things. Wages are the prices paid for labor, and we find in the labor market competitive conditions just as we find in the wholesale and retail markets. Under controls, instead of wage increases following price increases, as has been historically the case, we find the opposite happening where labor is led to believe that it can obtain advantageous wage advances. In any event, it knows that a wage advance will not lead to an immediate advance in retail prices because of the influence of ceiling prices on inventory and the historical slowness of bureaucratic adjustment to changed conditions.

As a result of wages being forced upward before prices, currently generated purchasing power is always more than adequate to buy the products of industry at ceiling prices. In other words, inflationary pressures continue, and a need for price control seems to be present. The only way that this vicious circle of wage increases followed by price rises could ever be broken would have been to abolish price and wage controls.

I should like to mention a study made by the United States Department of Labor, entitled *Productivity Trends in American Industry*, in which they show a remarkably close correlation between unit labor cost, or hourly earnings divided by productivity, and wholesale prices for the period 1909 to 1939. If we bring this index up to date, it continues to show the same close relationship with the price level. Production costs of the marginal producer—the one with the highest unit labor cost, who is in production to meet the demand—determine the industry price level. As a result, it was not at all surprising that prices continued to follow unit labor cost even during the period of OPA control.

Mr. President, I ask unanimous consent at this point in my remarks, to have printed in the *RECORD* a table showing this relationship of unit labor cost to the wholesale price of manufactured products. I have before me a graph on this matter, I should like to call to the attention of the Senate the closeness of the trends of the two lines shown on the graph. I may say that I realize there is a rule which prevents the printing of graphs in the *CONGRESSIONAL RECORD*, so at this time I merely submit the table.

There being no objection, the table was ordered to be printed in the *RECORD*, as follows:

Wholesale prices of manufactured products and unit labor costs in manufacturing 1914-52

[1947-49=100]

Year	Unit labor costs ¹	Wholesale prices of manufactured products ²
1914.....	40	45
1915.....	(3)	45
1916.....	(3)	54
1917.....	(3)	72
1918.....	(3)	82
1919.....	84	86
1920.....	93	98

Footnotes at end of table.

**Wholesale prices of manufactured products
and unit labor costs in manufacturing,
1914-52—Continued**

[1947-49=100]

Year	Unit labor costs ¹	Wholesale prices of manufactured products ²
1921.....	76	68
1922.....	64	63
1923.....	70	65
1924.....	69	63
1925.....	65	66
1926.....	64	66
1927.....	62	62
1928.....	59	63
1929.....	59	62
1930.....	58	58
1931.....	52	51
1932.....	49	46
1933.....	45	46
1934.....	50	51
1935.....	48	54
1936.....	49	54
1937.....	55	57
1938.....	56	54
1939.....	53	53
1940.....	52	54
1941.....	56	59
1942.....	63	65
1943.....	70	66
1944.....	76	66
1945.....	76	67
1946.....	87	76
1947.....	96	96
1948.....	102	105
1949.....	103	99
1950.....	102	103
1951.....	110	115
1952.....	115	115

¹ Computed by the staff of the Joint Committee on the Economic Report based on data from the National Bureau of Economic Research, the Bureau of Labor Statistics, the Federal Reserve Board, and the U. S. Bureau of the Census.

² Based on the old wholesale price index of manufactured products which was published up through 1951 by the Bureau of Labor Statistics on a base of 1926=100. The index was shifted to the one now used, namely, 1947-49=100, and the annual index for 1952 estimated on the basis of movements of selected groups in the new wholesale index thought to best represent the movements of manufactured products prices. No official revised index on the 1947-49 base is published at present covering the wholesale prices of manufactured products as an economic group.

³ Not available.

Mr. GOLDWATER. Mr. President, I ask my colleagues to study the table, which shows, as I have just stated, that unit labor costs in manufacturing and the wholesale prices of manufactured products have never been more than 6 or 7 points apart from 1909 to 1939. This chart shows very plainly that prices are intimately connected with wages and salaries, and that the wholesale index, likewise the retail index at a higher level, follows wages and salaries. This is further proof that for effective price control we must have, as a basic factor, effective wage and salary control, which, as I have pointed out before, we have never had.

THE MORAL EFFECTS OF CONTROLS

Mr. President, this is one aspect of the effect of price and wage controls which came out one day at the committee hearings. I believe that the lady who began the discussion was from the State of Indiana. I may say, with all respect to that great State, that it is proper for a person from Indiana to be concerned with the morality of the people of the United States. I speak knowingly on that point, because I have the distinct honor of being married to a girl from Indiana. So I share the pride of the eminent Senator from Indiana in his home State.

At the hearing we got into a discussion of the moral effects of bad laws. I should like to discuss this point briefly

at this time, because I believe the Senate will be interested in it.

Although many of my colleagues will wonder why I include this subject in a discussion of price and wage controls, it is to me a rather important one, because it points up the old adage that a bad law breeds contempt for law in general. I may even be wrong in my conclusions in this field; but, nevertheless, the figures are interesting, and I think they are worthy of discussion at this time.

A bad law breeds contempt for law in general. Let us remember prohibition and what happened in the 1920's. It became a very popular game to beat the prohibition law. Too many times a man's popularity and ability were judged by his ability to procure alcoholic beverages specifically prohibited by law. It was a bad law, and the country recognized it and repealed it. Nevertheless, its impact was left upon the children of that age who witnessed their parents breaking the law, and oftentimes listened to their parents brag about their lawbreaking ability.

We find a similar situation in connection with the imposition of price and wage controls on our economic system. Laws that attempt to restrict normal business relations that, in their very essence, are difficult to interpret and understand, and require considerable enforcement, soon earn public contempt. The public resentment against those who violate such laws is weakened, and law-abiding citizens are led to break them. Many merchants were forced during these periods to violate the letter and spirit of the law in order to get the necessary materials and merchandise to keep their businesses running. Many businessmen in this country were unable financially, or from the standpoint of staff, to comply with all the confusing regulations and rules and edicts emanating from the OPA and the OPS. They did not want to break the law; but to maintain their very existence, many of them knowingly, and many of them unknowingly, violated the law in these cases. It would have been almost impossible to have complied with all the regulations without somewhere, somehow, overlooking some requirement of the regulations; and, in these instances, businessmen were held in contempt of the law.

I need not relate what the black market was. It is too familiar and too recent a part of our American life for me to find it necessary to explain what the black market meant. The flagrant violation of the law by the operations of the black market assumed the proportions of a national scandal.

We are concerned with butter in this very day, so let us look at what happened to butter in the black market. Testimony before a congressional committee indicated that butter production had reached a 25-year low in 1946, and that 70 to 80 percent of the butter being manufactured was going into the black market.

In my own field of business, manufacturers resorted to such practice as tie-in sales, where, in order to buy a line of dresses, it was necessary also to buy a line of something else that the retailer knew would not sell; but he bought it in

order to keep the line, because if he did not buy it his competitor would.

It is fairly evident, after watching prohibition and after watching two attempts at price control, that when we try to legislate against the normal habits of our people, they find ways to evade the law. The dangerous thing here is not the black market, bad as it is, or the evasion of law by adults. It is the impact of those evasions on our young people.

During World War II, juvenile delinquency among those between the ages of 18 to 24 took a dip because most of these young people were busy fighting the war.

However, among those 17 years of age or less, juvenile delinquency increased. Is not it possible—mind you, I do not say it is—that this increase among the younger group might be attributable in part to the fact that, day after day and week after week and month after month during the periods of controls, these youngsters heard their parents brag about how they bought a cut of meat or a set of tires or some extra hosiery under the counter or on the black market?

I submit, too, that the increase in juvenile delinquency immediately following the war, among those from 18 to 24, might be attributable, in part, to the same source. That is, these young people had heard of their parents' activities, and when they returned from the war their respect for the law had diminished.

EMERGENCIES

The proponents of title VIII of Senate bill 1081, which would give the President emergency price and wage control authority, have repeatedly referred to dire national emergencies, and so forth—or, as I believe it is now referred to, "grave national emergencies"; I believe that is the approach now being used that would take the great bulk of our national productivity. So that the Senate may be informed as to the history of consumption of our gross national product for security purposes, I ask unanimous consent to have inserted at this point in my remarks a table showing the amounts and percentages of the gross national product spent for national security in World War I, World War II, and World War III.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Figures for gross national product and national security expenditures during World War I, World War II, and the rearmament period since 1950

(It should be noted that the figures for World War I are not on the same basis as the others, nor are they as accurate.)

Periods	Gross national product	National security expenditures	(3) as percent of (2)
(1)	(2)	(3)	(4)
	Billions	Billions	
World War I: ¹			
1917.....	\$59.5	\$1.8	3
1918.....	65.5	13.0	20
1919.....	76.5	17.3	23

Footnotes at end of table.

Figures for gross national product and national security expenditures during World War I, World War II, and the Rearmament period since 1950—Continued

Periods	Gross national product	National security expenditures	(3) as percent of (2)
(1)	(2)	(3)	(4)
	Billions	Billions	
World War II: ¹			
1941.....	\$126.4	\$13.8	11
1942.....	161.6	49.6	31
1943.....	194.3	80.4	41
1944.....	213.7	88.6	42
1945.....	215.2	75.9	35
1946.....	211.1	21.2	10
Post-Korean: ²			
1950.....	284.2	18.5	7
1951.....	329.2	37.1	11
1952.....	346.3	49.2	14

¹ For World War I, gross national product is given by calendar years, and national security expenditures by fiscal years. Comparison of the 2 is therefore approximate at best. Sources: GNP—J. F. Dewhurst & Associates, America's Needs and Resources, New York, The Twentieth Century Fund, 1947, p. 696. National Security Expenditures: United States Secretary of the Treasury, Annual Reports.

² For World War II and the period 1950-52, both figures are by calendar years. Source: U. S. Department of Commerce, Markets After the Defense Expansion, 1952, table 5, p. 18.

Mr. GOLDWATER. Mr. President, this table is quite an interesting one. It is interesting to note what happened during the second World War. We find the Government taking up to 42 percent of our gross national product. Yet, as our great productive capacity increased steadily from 1942 through 1945, we find a peak of 42 percent being reached in 1944, and a decrease in percentages in the ensuing years. Then, if we look at the percentages taken by the Korean war—which was referred to this afternoon; it is the war that all of us realize we are in—we realize the tremendous extent to which our fast-growing industrial capacity has overcome the production handicaps of earlier years. Comparing 1952, for instance, with 1942, we find almost an identical amount of money being spent for security purposes. Yet the expenditure in 1952 represents but 14 percent of the gross national product, whereas the same expenditures in 1942 represented 31 percent.

It is highly possible, and certainly history would bear out this possibility,

that with the proposed stockpiling of tools and the facilities that use tools, this country can find itself in a position of production adequate to take care of our war needs at a much earlier stage of any possible war than has been possible in wars we have gone through in the past.

CONGRESS SLOW

Another argument that is used by the proponents of this legislation is that Congress cannot act fast enough. This subject, too, I think bears a little investigation, particularly as to the need for too swift action, and it is well again to look into the past.

I now ask unanimous consent to have inserted in the RECORD at this point a chart showing the Consumer Price Index in the United States, using 1947-49 as 100, for the years 1913 through the first 2 months of 1953.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Consumer price index—United States: All items, 1913 forward—Series A-1

[1947-49=100]¹

	1913	1914	*1915	1916	1917	1918	1919	1920	1921	1922	1923
Annual average.....	42.3	42.9	43.4	46.6	54.8	64.3	74.0	85.7	76.4	71.6	72.9
January.....	42.0	42.9	43.2	44.7	49.9	59.6	70.7	82.5	81.4	72.4	71.8
February.....	41.8	42.5	43.0	44.7	51.1	60.3	69.1	83.4	78.8	72.1	71.7
March.....	41.8	42.3	42.6	45.0	51.4	60.0	69.9	84.3	78.1	*71.4	*71.9
April.....	42.0	42.0	42.9	45.5	53.6	60.6	71.2	86.7	77.2	71.3	72.3
May.....	41.7	42.2	43.1	45.7	54.8	61.8	72.1	88.2	*75.7	71.3	72.4
June.....	41.9	42.5	43.2	46.2	55.3	63.0	*72.4	*89.4	75.3	*71.5	*72.7
July.....	42.2	42.9	43.2	46.2	54.9	64.5	74.3	89.0	75.4	71.6	73.5
August.....	42.5	43.5	43.2	46.8	55.7	65.6	75.6	86.6	75.7	70.9	73.3
September.....	42.7	43.7	43.4	47.6	56.7	67.3	76.1	85.7	*74.9	*71.0	*73.6
October.....	42.9	43.4	43.8	48.2	57.7	68.4	77.3	85.2	74.7	71.5	73.8
November.....	43.1	43.5	44.1	49.1	57.8	69.4	79.1	84.7	74.3	71.8	74.0
December.....	*43.0	*43.4	*44.3	*49.3	*58.5	*70.6	*80.9	*82.7	*73.9	*72.0	*73.9
	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934
Annual average.....	73.1	75.0	75.6	74.2	73.3	73.3	71.4	65.0	58.4	55.3	57.2
January.....	73.7	74.0	76.7	74.9	73.7	73.0	73.1	68.0	61.1	55.1	56.4
February.....	73.5	73.6	76.3	74.3	73.1	72.9	72.8	67.0	60.2	54.2	56.9
March.....	*73.0	73.7	76.0	73.9	73.1	72.6	72.4	66.5	59.9	53.8	56.9
April.....	72.7	73.6	76.6	73.9	73.3	72.4	72.7	66.0	59.5	53.6	56.8
May.....	72.7	73.9	76.2	74.5	73.6	72.8	72.4	65.4	58.7	53.9	56.9
June.....	*72.8	*74.7	*75.6	*75.2	*73.0	*73.0	*71.9	*64.7	*58.3	*54.3	*57.0
July.....	72.9	75.7	74.8	73.8	73.0	73.7	70.9	64.5	58.1	56.0	57.1
August.....	72.8	75.7	74.5	73.4	73.2	74.1	70.6	64.4	57.5	56.4	57.2
September.....	*73.1	75.4	75.0	73.8	73.8	74.0	70.9	64.1	57.2	56.5	58.0
October.....	73.4	75.8	75.2	74.2	73.6	74.0	70.6	63.7	56.8	56.5	57.7
November.....	73.6	77.0	75.5	74.1	73.5	73.7	69.9	63.0	56.4	56.4	*57.5
December.....	*73.7	*76.7	*75.4	*74.0	*73.2	*73.4	*69.0	*62.3	*55.9	*56.2	57.4
	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
Annual average.....	58.7	59.3	61.4	60.3	59.4	59.9	62.9	69.7	74.0	75.2	76.9
January.....	58.2	*59.1	60.2	60.9	59.6	59.5	60.3	67.0	72.2	74.4	76.1
February.....	58.6	58.8	60.4	60.3	59.4	59.9	60.3	67.5	72.4	74.2	76.0
March.....	*58.5	58.5	*60.9	*60.3	*59.3	*59.7	60.5	68.4	73.5	74.2	76.0
April.....	59.0	*58.5	61.1	60.5	59.2	59.7	61.1	68.8	74.3	74.6	76.1
May.....	58.8	58.5	61.4	60.3	59.1	59.9	61.5	69.4	74.9	74.9	76.7
June.....	58.6	59.2	*61.5	*60.3	*59.0	*60.1	62.6	69.6	74.7	75.1	77.3
July.....	*58.4	*59.4	61.7	60.4	59.2	60.0	63.0	70.0	74.2	75.5	77.5
August.....	58.4	59.8	62.0	60.2	59.0	59.8	63.5	70.3	73.9	75.7	77.5
September.....	58.7	*60.0	*62.4	*60.2	*60.2	*60.0	64.7	70.5	74.2	75.8	77.2
October.....	*58.6	59.8	62.2	60.0	60.0	59.9	65.4	71.2	74.5	75.8	77.2
November.....	58.9	59.7	61.8	59.8	59.9	59.9	65.9	71.7	74.4	75.8	77.5
December.....	59.2	*59.7	*61.6	*59.9	*59.6	60.2	66.1	72.1	74.5	76.1	77.8

¹ The CPI, formerly calculated on the base period (1935-39=100), has been converted to the new base (1947-49=100) in compliance with recommendations of the U. S. Bureau of the Budget, Office of Statistical Standards. For the years 1940 through 1952, 2 index series were published. The index identified as the "old series" is discontinued after December 1952. Index numbers shown here which form a continuous series from 1913 to date, include the "adjusted series" on the 1947-49=100

base from 1940. Beginning January 1953 the index structure has been revised. (See February 1953 issue of the Monthly Labor Review.)

Indexes marked with an asterisk () and indexes for all months after September 1940, are based on prices collected for all groups of items. Indexes for other months before September 1940 are based on food prices and estimates for other goods and services, assuming an even rate of change between pricing dates.

Consumer price index—United States: All items, 1913 forward—Series A-1—Continued

	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Annual average.....	83.4	95.5	102.8	101.8	102.8	111.0	-----	-----	-----	-----	-----
January.....	77.8	91.9	101.3	102.7	100.6	108.6	113.1	113.9	-----	-----	-----
February.....	77.6	91.8	100.5	101.6	100.4	109.9	112.4	113.4	-----	-----	-----
March.....	78.0	93.7	100.2	101.9	100.7	110.3	112.4	-----	-----	-----	-----
April.....	78.5	93.7	101.6	102.1	100.8	110.4	112.9	-----	-----	-----	-----
May.....	78.9	93.5	102.3	101.8	101.3	110.9	113.0	-----	-----	-----	-----
June.....	79.8	94.2	103.1	102.0	101.8	110.8	113.4	-----	-----	-----	-----
July.....	84.6	95.0	104.3	101.4	102.9	110.9	114.1	-----	-----	-----	-----
August.....	86.4	96.1	104.8	101.6	103.7	110.9	114.3	-----	-----	-----	-----
September.....	87.4	98.3	104.8	102.1	104.4	111.6	114.1	-----	-----	-----	-----
October.....	89.1	98.3	104.3	101.5	105.0	112.1	114.2	-----	-----	-----	-----
November.....	91.2	98.9	103.5	101.6	105.5	112.8	114.3	-----	-----	-----	-----
December.....	91.9	100.2	103.0	101.0	106.9	113.1	114.1	-----	-----	-----	-----

Mr. GOLDWATER. Mr. President, I believe that a study of the chart will indicate that speed was not of the essence. In fact, if a little more time had been taken in thought and preparation in 1942, it is possible that legislation might have developed that would have gotten at the real source of inflation, and that we would not have had what did result, which was legislation that attempted to correct the result.

From the time when hostilities opened in Europe in October of 1939, to the time when the United States entered the war in December of 1941, we find a rise of 6.1 in the cost of living, or from 60.0 to 66.1, which is an increase in the neighborhood of 9 percent. I use that period because certainly it was quite evident that the United States would be drawn into the war, and this could have been a period of scare buying. We must remember, also, that at this particular period in our economic history, we were just on the road to recovery from a depression. Despite what one political party would have liked the people to believe, we did not come out of the depression of 1929 until war came over the horizon in the late thirties. So we could have expected normally to have some increase in the cost of living without the existence of a war.

If we take the period of January 1942, which was immediately after our entrance into the war, and run along until July of the same year, we find an increase of about 4.5 percent. I say "about" in these percentages because I extended them on a sliderule and, of course, extreme accuracy down to the decimal point is difficult with this instrument. So we find ourselves in a state of war, and 6 months passed wherein we had a 4.5-percent increase in the cost of living, which is 3 times the normal rate of 3 percent a year over the years of our history.

It might be said at this point that we have inflation constantly; that it is a phenomenon of our economic system itself, and indeed of any economic system, and that it must increase. The problem is always to limit that increase, and the increase of 3 percent a year is generally accepted as the figure of normal inflation in this country.

Now, let us move up to the Korean incident. This is fresher in our minds, and it is well here to discuss this venture into the wonderland of controls with some detail.

The price controls put into effect in January 1951 were authorized by the De-

fense Production Act of 1950, which became effective September 8, 1950. It was not until January 25, 1951, however, that a comprehensive freeze of prices and wages was ordered put into effect. This freeze was based on the highest prices at which goods had been sold during the period between December 19, 1950, and January 25, 1951. Prior to this comprehensive freeze, only two selective control orders had been issued, one applying to the price of automobiles and the other to the price of hides. Aside from this, reliance had been on voluntary cooperation.

The rise in prices after Korea had largely taken place before controls became effective. Wholesale prices had risen from 100.2 (1947-49=100) to 115.0 in January 1951, a rise of 14.8 percent. The peak of 16.3 percent above June 1950 was reached in February.

In the consumer price field, the rise was from 101.8 (1947-49=100) in June 1950 to 108.6 in January 1951, a rise of 6.7 percent. Following the imposition of price controls, consumer prices continued to rise until the latter part of 1952, when they reached a level about 12.2 percent above June 1950. On the other hand, wholesale prices declined until they were only about between 10 and 11 percent above June 1950.

It seems plain that the major reason for the increase in prices that followed the outbreak of hostilities in Korea was speculative buying on the part of both consumers and business, particularly business, in anticipation of shortages of civilian goods caused by a rise in Government expenditures far greater than actually occurred. There was an anticipation of an immediate rise in military expenditures. Actually, the rise in defense expenditures took place much more slowly and over a much longer period of time, with the result that by the spring of 1951 the defense program had been discounted so far in advance that the wholesale price structure was out of balance with the retail price structure and with personal income. Since the first quarter of 1951, wholesale prices have declined, while the wholesale price rises prior to February 1951 have been reflected forward in a rising consumer price index. These contrary movements have now brought the two price levels into some sort of rough balance.

It seems doubtful that price controls imposed in January of 1951 had much effect on prices, except that they shut off some anticipatory buying.

I felt impelled to mention those facts in all fairness because there is a possibility that the pending measure might have checked prices, but, mind you, it would not have checked inflation because of the weaknesses I have outlined. That is something we must keep in our minds constantly as we discuss this subject—that what Senate bill 1081, or title VIII of that bill, is reportedly aimed at is the control of inflation. We are not by this act controlling inflation; we are only controlling the effects—the results—of inflation.

Mr. CAPEHART. Mr. President, will the Senator yield for a question?

Mr. GOLDWATER. I yield to the Senator from Indiana.

Mr. CAPEHART. I think the Senator is possibly wrong about that. Title VIII, in case of a great emergency, would freeze prices, wages, and rents temporarily, for 90 days, or until Congress could decide what ought to be done or what ought not to be done. That, in my opinion, is all that Title VIII would do.

Mr. GOLDWATER. But the purpose of the language of the act is the same as that of the old one—that is, to control inflation.

Mr. CAPEHART. The purpose of the act is to make sure that, in case of a grave emergency, it would operate quickly to hold the line until Congress might decide what ought to be done. Certainly it could not do much harm to wait for 90 or 100 days, during which time the Congress might decide that the controls were unnecessary.

Mr. GOLDWATER. I am glad to hear the Senator say it could not do much harm in a period of 90 or 100 days.

Mr. CAPEHART. It could not do much harm within that time, because it would be a matter of only 90 days, and the Congress, during that period, would be acting upon the subject.

Mr. GOLDWATER. What I am attempting to point out in my discussion today is the fact that it will not work for 90 days or for 90 years, and that what we are getting at is a control of inflation. I shall reach that subject in a few moments.

Mr. CAPEHART. If the Senator from Arizona will yield, I may say that I think that what he is trying to prove is that under no circumstances and under no conditions should we have price, wage, and rent controls. Is that not correct?

Mr. GOLDWATER. In this discussion I wish to give Senators enough ma-

terial to think about, so that they can make up their minds on that subject. In debating the subject with the Senator from Indiana, I have postulated a time when this country was in utter collapse. If everything was flung apart, possibly yes, we might need controls. I do not think we can judge that now, but I can say to the Senator that, in view of history, in view of what has gone on, in view of the fact that imposing controls has never accomplished the purpose which was designed to be accomplished, we should consider these things.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am glad to yield to the Senator from Indiana.

Mr. CAPEHART. Let me give the Senator certain figures. The Defense Production Act was passed in June 1950. It was in effect until April 30, 1952. The national income in 1950 was \$239 billion. In 1951 it was \$277 billion; and in 1952 it was \$291 billion. It is now running at the rate of \$304 billion a year, with price, wage, and rent controls.

Mr. GOLDWATER. That is correct.

Mr. CAPEHART. The income is the greatest in the history of the Nation.

Mr. GOLDWATER. Yes, but—

Mr. CAPEHART. Let me continue a moment. During this same period, we have had the greatest production and the highest prices in the history of the Nation. How does the Senator account for that?

Mr. GOLDWATER. I do not see that that is particularly germane to the subject we are discussing.

Mr. CAPEHART. It is certainly germane that it has not particularly interfered with the economy, since production is the highest today that it has ever been in the history of the Nation. Is that correct?

Mr. GOLDWATER. Let me call to the Senator's attention what I repeatedly tried to bring before him in committee.

The population of the United States has been growing almost astronomically. We should not forget that. Our free enterprise system is so strong that we cannot hamstring it, even though at times we seem to try to do it. It is going to develop. I think we shall have continued good business and high incomes in this country. I do not share the views which I have heard expressed on the floor of the Senate when I have reluctantly heard Senators who have stated that, looking forward, they could see a depression. I do not think this floor is the place to express such a thought. This is the place to express the truth. I shall offer figures later to show that the American economy does not need Government meddling now or at any time, for 90 days or for 90 weeks. As I stated in one of the committee meetings, and it is a rather sad commentary upon the American brain, I defy a legislative body to write a law which some American cannot figure out a way to evade. My personal argument against the proposition is that I do not want to see anything happen to our economy which will strangle it or throttle it for even a second.

Mr. CAPEHART. That is just my point. We have had controls since 1950, and yet the Nation has had the greatest income and the greatest number of people employed in its history.

Mr. GOLDWATER. Then, does the Senator suggest that we adopt all-out control?

Mr. CAPEHART. No. The point is that when controls are needed, we should use them, and when they are not needed, we ought not to use them. What the Senator is saying by inference is that we who advocate a 90-day freeze are in favor of permanent controls.

Mr. GOLDWATER. No. I think the Senator from Indiana did the country a great service in bringing up the subject for open debate, so that Congress could decide. I say the Senator has done a remarkably fine thing in bringing it out into the open so that the American people and their representatives can discuss it.

Mr. CAPEHART. That was the purpose.

Mr. GOLDWATER. I know it was. I heard the Senator debate with former Senator Benton on the radio. I said to the former Senator, "You should have 'stood in bed.'" He has never talked to me about it since that time.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. BENNETT. Does the Senator from Arizona know that price controls have never been applied to Federal purchases, so that the tremendous increases in productivity, represented largely by our increase in production for war, have not been subject to price control?

Mr. CAPEHART. I read in the Senator's speech that price control had not been applied to Federal purchases. It applies only to special items. It does not apply to food or to a great many other things. The Senator also referred to machine tools. An increase in the price of machine tools was permitted, but I have never understood that that applies to everything the Government bought. Furthermore, under our Federal laws, we have renegotiation to take excess profits away from the producers, and we also have an excess-profits tax.

But I never understood that price control had been eliminated from coffee, sugar, livestock, or articles of that sort the Government bought. It only applied to special items as to which it was impossible to establish a price. I should like to be corrected, if I am wrong about that.

Mr. GOLDWATER. It was found necessary in World War I to exempt Federal purchases, such as tanks, airplanes, and so forth, from price control.

Mr. CAPEHART. How could we have price control on a tank?

Mr. GOLDWATER. We could not. We cannot properly have it on anything if we do not have it on everything.

Mr. CAPEHART. A tank is a special item. It is not sold to anyone except the Government, so the Government negotiates a price. That, in itself, is price control, because the Government sets

the price and says what it will pay for the item. No one else buys such items.

Mr. GOLDWATER. I have some figures here which, I think, will answer the Senator.

Mr. CAPEHART. I might well be incorrect in my statement.

Mr. BENNETT. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield.

Mr. BENNETT. I said in my speech of last Friday that I understand the Federal Government, being sovereign, can pay any price it chooses to pay for anything it wishes to buy. If it cannot purchase an article except at a price above the price ceiling, it is not in the same position as an individual. It has the power, as sovereign, to pay any price it pleases.

Mr. CAPEHART. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield.

Mr. CAPEHART. The seller of a standard item which is under price control would not sell to the Government at a higher price than the price ceiling established by the OPS. There are thousands of items which are not sold to anyone but the Government, and in all such instances the Government negotiates a price which becomes the ceiling price, because the Government is the only purchaser.

Mr. BENNETT. Mr. President, will the Senator from Arizona yield further?

Mr. GOLDWATER. I yield.

Mr. BENNETT. Is it not true that much of the great increase in production during the past few months has been in categories in which, obviously, no price control could have been applied?

Mr. CAPEHART. If price control has not been needed, certainly the Government did not use it.

Mr. LEHMAN. Mr. President, will the Senator from Arizona yield for a question?

Mr. GOLDWATER. I have yielded to the Senator from Utah. I shall be glad to yield for a question from the Senator from New York when the Senator from Utah has finished.

Mr. BENNETT. Does the Senator know that in December 1951 the OPS said:

There is no practical method of establishing price ceilings at the present time without at the same time impeding the flow of these essential defense items.

Referring to aircraft and aircraft parts.

Mr. CAPEHART. If one is a manufacturer and is manufacturing tanks, and the Government is the only buyer, of course, the Government establishes the price of those particular items. Being the only buyer, the price becomes the ceiling price. No one else buys such items. In such an instance, of course, the price the Government pays is the ceiling price.

Mr. BENNETT. Yet in this instance OPS had to make an exception and remove this area from the ceiling prices.

Mr. CAPEHART. The point was that they were going to establish ceiling

prices, but found there was no necessity, because the Government was the only buyer. The items involved were made specifically for the Government, and the Government negotiated with the producers to manufacture at a certain price, which was the ceiling price. In that instance the ceiling price was established by the National Defense Procurement Officers.

Mr. GOLDWATER. Mr. President, I believe this little colloquy started because of a comment of the Senator from Indiana. I think in the next paragraph or two I will give the answer.

Mr. LEHMAN. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield.

Mr. LEHMAN. I wonder whether it is not a fact that the Senator from Utah [Mr. BENNETT] and the Senator from Indiana [Mr. CAPEHART] have been addressing their remarks to the continuation of controls in normal times. The distinguished chairman of the committee is not urging the continuation of price controls at this time, but what he and other Senators are urging exclusively is the establishment of machinery through which the freezing of wages, prices, and rents can be invoked by the President of the United States in the event of a great emergency. Certainly the Senator from Arizona would agree with me that there is always a great possibility of an emergency. If we do not recognize the possibility of an emergency, why should we be appropriating \$45 billion or \$50 billion for national defense? Certainly we must be in a position to protect ourselves against sudden attack on sudden emergency. The only way in which we can be in a position to act promptly is by the enactment of standby legislation such as that proposed by the committee.

Mr. GOLDWATER. The Senator from New York was not in the Chamber when I began my remarks, when I stated that I recognized that point, and that that is an area of argument, but I said I believed it was time that all Senators should have an opportunity to study the history and effect of price controls. I am talking against price controls, but I am trying to get back occasionally to the specific point. If the able Senator had been here earlier, he would have understood my position.

I recognize what the Senator has said to be true in part, but I know that our great free enterprise system, which has done so much for this country, has great strength in peacetime. We talk about everything depending upon it, yet the first time the world gets into a little bit of trouble, that system is not good enough for us, we have to tamper with it a little. I am trying to show that tampering will not work.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. LEHMAN. I believe in the free-enterprise system. I was brought up under it, worked under it, and prospered under it. But I think that where the Senator from Arizona and I differ is in our views as to the necessity when an emergency comes of letting the President

take some action until Congress has an opportunity to devise a new method of controls. We may be thrown into a situation so urgent that action will have to be taken immediately. Congress may not even be in session. As I have said, there may not be a Congress. Congress may be dispersed. Many Members of Congress may be no longer in the land of the living, although I pray to God with all my heart that that will not happen. However, it is a possibility, and we must face it.

All that we are asking is that the President of the United States shall be given the right to take action in the face of a serious emergency. I wish to repeat what I said earlier today, that to me it seems ironical that I, a Democrat, should be showing far greater confidence in a Republican President than the leader of the Republican Party, the majority leader, shows, or than some of the other members of the Republican Party show. I am willing to place my confidence in the President. I feel certain that so far as the handling of an urgent emergency is concerned the President will not fail us, and that he will use the best possible human judgment in connection with it. However, I do not believe that the feeling of confidence is shared by some of my colleagues.

Mr. GOLDWATER. I am glad to hear the Senator from New York express those feelings, because I share them. I am glad also to observe that the Senator from New York recognizes the possibility of the people's confidence in the President being exhibited again in 1956, so that we may have President Eisenhower as Chief Executive for 8 years. But the Senator keeps talking about an emergency as though it were going to happen under President Eisenhower. I have a little more confidence in this world. Perhaps I am wrong, but I do not like to think we shall have an urgent emergency under President Eisenhower.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. GOLDWATER. I yield.

Mr. THYE. What is the life of the proposed legislation now before the Senate?

Mr. GOLDWATER. Two years.

Mr. THYE. Then it must come to an end under the present administration, if it is to expire in 2 years.

But that was not primarily the reason why I asked the Senator to yield. The matter to which I have objection rests primarily in section 16 of the bill.

Mr. GOLDWATER. That is correct.

Mr. THYE. I have one other objection, when I shall state later, but section 16 provides for a 90-day freeze. Is that correct?

Mr. GOLDWATER. That is correct.

Mr. THYE. Under that provision, the President, if an emergency should occur, would have an opportunity immediately to freeze all prices, wages, rents, and so forth, at given levels, and that could be only for a 90-day period.

Mr. GOLDWATER. That is correct.

Mr. THYE. If the President did not exercise such authority within the 90 days he could not use the act. If he

acted within 90 days Congress could reassemble and enact such legislation as might be necessary in order to continue controls beyond 90 days. Am I correct?

Mr. GOLDWATER. That is correct. That is substantially the purpose of the bill.

Mr. THYE. Mr. President, will the Senator yield for my other question?

Mr. GOLDWATER. I yield.

Mr. THYE. I notice that section 104 has been stricken from the Defense Production Act. That is of concern to me, because I can recognize that there is a serious threat of a great influx of fats and oils into this country. Already a distressed economic situation exists with respect to fats, oils, and butter. So I am concerned about that phase of the act.

Mr. GOLDWATER. I wish to call the Senator's attention to the fact that I am addressing myself only to section 16. The chairman of the committee discussed the other sections this morning, and I believe he intends to discuss them further tomorrow. At this time I am not prepared to discuss that matter with the Senator.

Mr. THYE. Mr. President, will the Senator yield further?

Mr. GOLDWATER. I yield.

Mr. THYE. Does the Senator further feel that it is wrong to place in the hands of the President the administrative responsibility to freeze prices, wages, and rents for a period of 90 days?

Mr. GOLDWATER. That is correct.

Mr. THYE. Does the Senator have the feeling that, regardless of who is President, the President should not have that power?

Mr. GOLDWATER. That is correct.

Mr. THYE. Does the Senator further believe that inflation could pose a threat to our entire economy?

Mr. GOLDWATER. Certainly.

Mr. THYE. If inflation got out of hand, it could affect not only the businessman himself, but of course ultimately, it could affect agriculture; and today there is a distressed situation in agriculture, because of an inflationary trend in our economy dating back 2½ or 3 years. That trend has carried the operating expenses of the farmer to an inflationary level, and they are still at that inflationary level, while the farmer's income has tumbled to a low that is lower than parity, or normal, in relation to other segments of our economy. So the net earnings of the farmer are squeezed to a relatively close margin, and he is exceedingly in distress.

Therefore, I return to my question: Would we have been better off if, on the day the Korean crisis began, everything could have been frozen for a period of 90 days, until, generally, Congress could have enacted measures that would have controlled our economy and kept it in balance, so that it could not have gone out of balance as drastically as some of our economy went out of balance? I am searching for information.

Mr. GOLDWATER. I discussed that subject earlier; I shall be glad to go over it briefly.

We speak about controlling inflation. I have a section of my remarks devoted

to inflation. We in the United States have tried to stop inflation, but ineffectually. We can stop inflation in this country. We can stop it by action in the halls of Congress. But we have never done so. We have said we would control prices, wages, and rents. Increases in those three elements are the effect; they are what inflation brings about; they are not what causes inflation. We are talking about curing a headache by scratching our feet.

I hope the Senator from New York will have the opportunity to remain in the Chamber while I develop my argument, because I shall make suggestions as to how to control inflation. I hope Congress will listen to them and will think about them.

We can control inflation in this country, but we cannot control prices and wages through the pending bill, because it gives the President the power to exempt. The livestock people do not want price controls. They would fight them. The newspaper people say it would injure the freedom of the press to place ceilings upon any function of the newspaper industry.

Mr. THYE. Mr. President, will the Senator yield?

Mr. GOLDWATER. Just a moment. This is most important.

This is where the confusion exists in the minds of the people. It is thought that we can cure inflation by scratching the symptoms. I shall try to point out, as I go along, my thinking on that subject. It is growing late, and I should like to proceed with the development of my argument.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. GOLDWATER. I yield.

Mr. LEHMAN. The Senator has implied that this bill would relate to whoever was President in 1956 or 1960. He has already acknowledged that the bill has a termination date 2 years from now. But is it not also a fact that there is nothing in the bill which would prevent Congress, in its wisdom, from revoking the powers given to the President at any time? It could do so whenever it saw fit.

Mr. GOLDWATER. That is correct.

Mr. LEHMAN. So there is no continuing restriction on the President, or no continuing authority given to the President.

Mr. GOLDWATER. I think we have extended rent control 11 times. We told the people every election year, "This will be the end of rent control." Yet the other day we sneaked it in for another 3 months.

Mr. LEHMAN. We are not continuing controls in this bill. It deals only with some great emergency which may happen.

Mr. GOLDWATER. I am trying to show that these programs die a very slow, hard death. They must be shot several times.

I should like to continue—and I think this may answer the question of the Senator from Indiana [Mr. CAPEHART].

In looking back at the Korean incident and the imposition of price and wage controls near the outset of that

period, I point out again that the probability of our increasing industrial capacity in this period was very, very good and such indications were evident even at the time of imposition of controls.

I refer again to the table which I have heretofore submitted, showing the increase in the gross national production, which has been steadily on the rise since the low point in the late summer of 1949.

In June 1950 the economy was operating below capacity, although the rate of operations was rising from the low point reached in the late summer of 1949. Furthermore, due to a period of 5 years of very high rates of private investment in new plants and equipment, output per man-hour was rising at a rate well in excess of the long-term trend of about 2 percent a year. The result was that the economy was capable of expanding, and did expand output after the second quarter of 1950 steadily, quarter by quarter, as fast as or faster than the increase in Government expenditures. Under the particular circumstances that existed then, therefore, the economy could and did produce sufficient goods to meet the actual demands that were made, with the result that the shortages were confined to a very small list of items which were of particular importance to the military program, such as nonferrous metals, certain grades of steel, and so forth.

To the extent that the inflationary increase from 1950 to 1951 was based upon an anticipation of shortages, it proved in retrospect to have been unwarranted. However, it should be noted that the economy was in the recovery phase of an inventory correction in June 1950, which had resulted in a fall in prices in the previous year, 1949. Increases in prices were already underway, both at the wholesale and retail levels; and part of the movement after June 1950, was doubtless a continuation of these price movements based upon peacetime economic factors.

In retrospect, therefore, it appears that the economy was capable of handling a situation of the magnitude that developed, but that the price increases were largely based upon speculative forces born of fears of shortages of goods and services under the defense program.

CONCLUSIONS

In summing up the cost, impact, adequacy, and results of price control during the periods we have been discussing, I think we can say briefly that it has had no effect except to delay price changes which would have been accomplished by normal economic pressure. I think we can safely say that such delays ran from 7 to 11 months.

First. Price controls are ineffectual in fighting inflation at its source. Inflation is a monetary phenomenon. Price controls do not reach the sources of inflation. They deal only with symptoms or results.

Second. Price controls lead to a lowering of moral standards. Consumers are driven into black markets for needed

items. Law-abiding citizens are thus encouraged to evade regulations.

Third. Price controls involve heavy burdens on business and industry. To comply with all the regulations which are written whenever controls are put into effect places on the businessmen of this country a burden whose size is difficult to estimate. Small business is hit the hardest, because small business is not equipped to keep the required kinds of records and submit the constant reports which are necessary.

Fourth. Price controls fool the consumer. Controls result in a deterioration of quality. They mean standing in line for scarce items, and they put a premium on knowing the right people. They force the customer into the black market.

Fifth. Price controls curtail production. In this connection the proponents of this legislation will point to the increased productive capacity of the Nation during the time of price controls. But they overlook one basic fact, namely, that this country is increasing in population at a tremendous rate, and that our productive capacity must, of necessity, increase to meet the increased demand. By reference to the charts provided, one can see that productive capacity would have increased, controls or no controls. Controls actually do not permit the price system to exercise its proper function in connection with distributing goods and guiding production.

Sixth. The after effects of price controls are a potential danger to our economy. Price controls only cover up inflation. We might say that they only delay inflation. In the main, price controls have been a political gesture toward an evil—the evil of inflation. I need only refer to a chart which I shall subsequently submit which will show that during periods of control, when we attempted to control prices and wages only, the total personal saving based on current dollars constantly rose. This created a pent-up purchasing power which unleashed its fury on our economy as controls were released, particularly after OPA.

Seventh. The threat of emergency controls is a big danger.

It is probable that during the period under review, the anticipation of the imposition of mandatory controls raised prices at least as much as they were held down by the use of hortatory techniques and by the two controls actually imposed. (Report of the Subcommittee on General Credit Control and Debt Management, in sec. I, entitled "Fiscal and Monetary Policy Since the Outbreak in Korea," p. 14.)

"What is an emergency?" will be the question in the businessman's mind. Will each breach of international etiquette be a signal for increase in prices? When will the businessman feel it is safe, in this emergency-ridden world, to lower his prices? With the 30-day provisions written in this bill, what businessman will ever feel safe in reducing his prices for fear that such reduced prices will be his base during any approaching emergency?

It is far better to allow the free economic system that has created our great productive capacity to operate freely in

times of emergency. Certainly if the benefits of this system are so great in peace and if the strength of this system is so universally obvious, we should depend on it, rather than reject it, in times of emergency.

RECOMMENDATIONS

Secretary of Commerce Weeks, in his testimony before the committee, suggested that his Department was in a position to make a continuing study of the subject of price and wage controls. It would, in my mind, be a proper thing to suggest to the Secretary that he do just this and that the study be carried on constantly, so that, should the Congress ever decide to impose price and wage controls, that body would merely ask the Secretary of Commerce for his latest studies, and from that document they would be able to formulate legislation immediately.

INFLATION

In the discussion of price and wage controls we delved into history to find what had happened before so that we might benefit in the future. In beginning this brief discussion of inflation, its causes and control, I should like to again look back into the pages of time so that in our deliberations we might benefit by what has preceded us.

War has always brought inflation. This we have learned from long experience. During every war period of our history, inflation has been a serious problem never properly met.

Mr. President, to save time I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a brief outline of inflationary history during the wars, from the Revolutionary War up to the present time.

There being no objection, the outline was ordered to be printed in the RECORD, as follows:

THE REVOLUTIONARY WAR

The Continental Congress did not have the power to levy taxes and had to finance the Revolution through such makeshifts as borrowing, gifts, appropriations by the States, and, finally, through the issuance of paper money.

The Revolutionary War brought with it an enormous increase in prices. Therefore, at the insistence of the Congress, some States tried price control. Their efforts were nullified, however, by lax enforcement and by the use of their own printing presses to grind out currency. Despite this effort at control, prices rose faster than at any time in our history. The new currency lost value so fast that people began to say, "Why, that's not worth a continental." Even today, that expression is heard occasionally. All in all, the successful outcome of the war, as one historian pointed out, "owed much to military prowess and considerably less to wisdom of economic policy."

THE WAR OF 1812

With the War of 1812 came another era of inflation. Customs duties, on which the National Government depended for most of its revenue, dropped sharply. By 1814, revenues were less than one-half of expenditures. New direct taxes were inadequate. The Government had to borrow again. The Federal debt increased almost 200 percent. Credit expansion played a greater role than it had during the Revolutionary period. Nearly all the banks, except those in New England, overextended themselves.

The sharpest price increases were in import goods, which were largely cut off by the British blockade, although prices of domestic goods also rose markedly. Between 1811 and 1814 food went up 39 percent; farm products went up 37 percent; commodities in general went up 44 percent.

THE CIVIL WAR

The American economy was broken in two parts by the Civil War, and neither escaped the effects of inflation.

Tax methods were poor and borrowing to finance the war was heavy. The outright printing of paper money, which rapidly lost in value, made matters worse. The Government hoarded gold and requisitioned goods at prices below the current market. The net result was to discourage production for war use.

The Confederacy was even worse off, for the Confederate government lacked the power to tax sufficiently. By 1864, \$22 in Confederate money was worth only \$1 in gold. Flour sold that year in Richmond at \$300 a barrel, and shoes were worth \$150 a pair. Before the end of the war, there were food riots in Richmond, Atlanta, and Mobile.

Postwar reactions were allowed to run their course unbridled. At the end of the conflict, no plans had been made for the sudden reversal of economic conditions. The situation in the South was grave, since its manpower had been greatly reduced and its whole economy upset. In the North, wholesale prices fell sharply in 1865, but the full impact of deflation was not felt until 5 years later.

Price trends in the 30 years following the Civil War were steadily downward.

The increase in the production of gold, due both to the discovery of new deposits and improved methods of refining the metal, enlarged the base for expansion of credit and resulted in the reversal of this price trend in the middle of the 1890's. Mechanical genius and enterprise pulled our country out of its fiscal plight.

WORLD WAR I

For a number of years prior to World War I, prices were fairly stable, but by 1915 a flood of war orders from abroad increased business activity. The prices rose 22 percent while wholesale prices soared 63 percent.

The United States had to find new sources of revenue to finance our war expenditures. The Congress increased old taxes and added new ones, including a tax on excess profits. This was not enough. Liberty-bond sales furnished over half the money needed, but much of the benefit from this support was nullified by the increase in credit. "Borrow and buy Liberty bonds," became a slogan.

Prices fairly leaped upward in the first month after we went to war—and the public demanded that our National Government do something to keep prices stable.

The first move came in the late summer of 1917, and by the armistice almost half the commodities were under some kind of control, although broadscale direct control was not attempted. The price level on controlled items remained stable until war's end, but that of uncontrolled commodities continued to rise. As soon as restrictions were removed, prices that had been controlled suddenly spiraled.

I have not included World War II and Korea because they are immediately fresh in our minds, and the bulk of this discussion will rest on inflation as we have lived through it in the last 10 or 11 years.

Mr. GOLDWATER. Mr. President, during the period from 1940 to the present time, this country has experienced a serious inflationary trend and in the attempts to curb this evil, the Federal Government has been content to bury its

head, ostrichlike, in the economic sands and suggest remedies that only attack the results, not the cause. Prominent economists all over the Nation have repeatedly discussed this subject of inflation and have made pertinent suggestions as to how to control it. Leaders in Government have likewise recognized the methods that should be used to curb inflation.

When we add the advice of business people to these, it is indeed astounding to find the United States Government totally ignoring the sound recommendations offered on the subject.

Inflation is simply a situation in which we find more money than goods. It is a state of unbalance in that relationship in the favor of money.

I would like to quote from the book *Money, Men, and Machines*, written by Catchings and Roos:

More money can come into the hands of people in several ways, and it is well that we mention these.

1. The Government can create money by printing more of it or by bank borrowing, or the people themselves can do the same by commercial loans and investments.

2. Advances in the wage level without corresponding increases in output or offsetting decreases in unit labor costs.

3. Advances in the price level resulting from Government purchases for the purpose of raising prices.

4. From corporation and income taxes that cause higher prices as a result of higher costs.

5. Higher price levels caused by reduction in output, due to featherbedding and other labor restrictions upon work and by monopolies and general price agreements.

6. Higher price levels due to Government price controls and other Federal interferences with supply and demand and the productive machinery of competitive enterprise.

It is recognized that, as our population increases and our productivity likewise increases, there is a normal rate of inflation and this has held true, with the exception of the war periods, where it is evident by now that Government has not learned the lessons that these wars have taught.

As we go into any period of war, we begin to produce at tremendously higher levels than we produce in peacetime. The goods and hardware of war that constitute this increased productivity are not available to the general public and this production in itself limits what can be purchased by the public. During war years, income accrues to individuals in payment of services not used for the production of goods which could be purchased by the public. These income payments go to persons engaged in war production and to military and other Government personnel. In other words, war creates a vastly higher rate of income among individuals than does peacetime. This increased income has no normal outlet. This unusual purchasing power becomes deferred claims to goods in the form of currency, checking accounts and savings by individuals.

To finance war, this country has historically resorted to borrowing, and it unquestionably will have to use some amount of borrowing in any war emergency of the future. But, one of the solutions to inflation lies in this field.

As I mentioned before, the Government can create inflation by either printing money or borrowing it. During the recent inflationary period, the Federal Government borrowed to an extent that made this action one of the major contributing causes of inflation. Borrowing was in the form of the sale of bonds to the people, and the borrowing of money from banks.

Instead of attempting to drain off the surplus money of the country, whether individuals, partnerships, or corporations, the Government attempted to control this pent-up purchasing power by freezing prices, wages, and rents. At the same time, the Government practiced no economy in their own operation. Employment in the Federal service rose to an all-time high. To finance this expansion over and above the income from taxes and sales of bonds to the people, the Government turned to the banks.

The mounting Federal deficit led our price index by the nose up a correspondingly steep incline. To better illustrate this point, I have prepared a chart and 2 tables which I ask unanimous consent to have inserted in the RECORD at this point in my remarks, with the same understanding as to the status of the chart.

The PRESIDING OFFICER (Mr. GRISWOLD in the chair). Is there objection? The Chair hears none, and the chart and tables will be printed in the RECORD, subject to approval by the Joint Committee on Printing.

The chart and tables are as follows:

Consumer prices, 1913-53, and public debt, 1910-53

Consumer and wholesale prices, 1913-52; gross national product in constant (1951) dollars, 1910-52; and Federal cash surplus or deficit, 1910-52

Year	Consumer price index (1947-49=100)	Wholesale price index, all commodities (1947-49=100)	Gross national product	Federal cash surplus (+) or deficit (-) ¹
			Billions	Billions
1910.....			\$99.2	(2)
1911.....			99.3	(2)
1912.....			108.4	(2)
1913.....	\$42.3	\$45.4	106.7	(2)
1914.....	42.9	44.3	105.7	(2)
1915.....	43.4	45.2	104.2	(2)
1916.....	46.6	55.6	112.0	(2)
1917.....	54.8	76.4	118.2	-\$0.9
1918.....	64.3	85.3	124.2	-9.0
1919.....	74.0	90.1	123.9	-13.4
1920.....	85.7	100.3	120.1	+3
1921.....	76.4	63.4	105.1	X.5
1922.....	71.6	62.8	121.7	+0.7
1923.....	72.9	65.4	137.3	+7
1924.....	73.1	63.8	136.5	+1.0
1925.....	75.0	67.3	149.5	+7
1926.....	75.6	65.0	156.6	+9
1927.....	74.2	62.0	157.1	+1.2
1928.....	73.3	62.9	159.2	+9
1929.....	73.3	61.9	167.7	+9
1930.....	71.4	56.1	151.7	+9
1931.....	65.0	47.4	141.4	-1.0
1932.....	58.4	42.1	119.7	-2.7
1933.....	55.3	42.8	117.7	-2.6
1934.....	57.2	48.7	129.6	-3.3
1935.....	58.7	52.0	143.8	-2.4
1936.....	59.3	52.5	162.3	-3.5
1937.....	61.4	56.1	172.1	-2.8
1938.....	60.3	51.1	161.7	-1
1939.....	59.4	50.1	180.0	-2.9
1940.....	59.9	51.1	197.4	-2.7
1941.....	62.9	56.8	229.4	-4.8
1942.....	69.7	64.2	261.2	-19.4
1943.....	74.0	67.0	293.7	-53.8
1944.....	75.2	67.6	316.0	-46.1
1945.....	76.9	68.8	306.8	-45.0
1946.....	83.4	78.7	272.0	-18.2
1947.....	95.5	96.4	271.1	+6.6
1948.....	102.8	104.4	282.9	+8.9
1949.....	101.8	99.2	281.5	+1.0
1950.....	102.8	103.1	303.5	-2.2
1951.....	111.0	114.8	329.2	+7.6
1952.....	113.5	111.6	338.4	+1

¹ For fiscal years ending June 30. Includes trust-fund accumulations.

² Less than 100,000,000.

Mr. GOLDWATER. Mr. President, the eminent Senator from Illinois [Mr. DOUGLAS] in his book *Economy in the National Government* recognizes these facts when he writes:

Budgetary deficits in periods with comparatively full employment cause inflation.

Incidentally, I would recommend the book by the Senator from Illinois as one of the fine works that has been produced on the subject of the Federal budget. It deals with last year's budget, but many of the remarks and observations which the distinguished Senator makes are pertinent today.

A study of this chart will indicate the surprising relationship of the trend of the total gross debt to the Consumer Price Index. Mr. President, if you will look at the peak of our inflation in 1920, you will notice that the national debt had peaked in 1919 and had only fallen off slightly in the following year. Prior to this time, the national debt had been climbing since 1916, and in 1916 we see a sharp increase in the price index. This increase maintains its almost constant rate of ascent with a similar rate of ascent in the gross debt.

In the period following this inflation, the gross debt continued to decline until 1930. We see a gradual increase of the national debt, starting in that year and continuing unchecked until 1946, when it reached its peak. Inflation really got underway in 1940. Inflation

continued unchecked until 1948, which was the year that the budget was balanced and a surplus occurred.

I do not know whether it was coincidental but if my memory serves me aright that was the year in which the Republicans had control of Congress.

Because this subject is of such extreme importance to the economy and security and the future of our country, I should like to say that I was disturbed, disappointed, and amazed to read that Secretary of the Treasury Humphrey had given up his attempt to balance the budget this year.

As I said, Mr. President, I am a small business man. I balance my budget. The housewives who sit in the galleries do not spend \$500 a month if their husbands bring home only \$350 a month. Oh, everyone would like to do it. It is a wonderful temptation. The Federal Government does it.

I do not like to see an admission by the Secretary of the Treasury that we must give up our attempt to balance the budget. It is a simple thing to me. If we take in \$69 billion, we cannot spend \$78 billion. I should like to have a continuing study made of this subject. It has been adequately pointed out that inflation is tied to the amount of the national debt. If we wish to stop inflation, we must practice more economies in the Federal Government.

I am one of those who do not believe that we must give our resources away in order to maintain peace. I believe we can start living within our means in this country and achieve far greater success in the field of peace than we can by breaking the back of our economy with constant deficit spending.

In 1924 Stalin said the way to defeat the free world was to defeat its great economic power.

Mr. President, I suggest if we in Government take the position that we cannot balance the budget, Stalin is sitting behind some dark cloud in the hell, where he must live today, laughing to himself and saying, "What did I tell you? They will spent themselves into a disaster into which our strength of arms could never drive them."

I suggest we are living at a Cadillac pace on a Ford income. I think we should get down to the fundamental facts of life. If we could balance the budget in 1948, I think we can balance it in 1953, if we work on it. If we say we cannot do it, we are beaten before we start.

Mr. President, the inflation trend continued down until 1949, when the debt started to increase again, and inflation went along with it.

When the Government fails to get at the cause of inflation, which is excess money, and in turn, adds to inflation by its own actions in the form of borrowing, it is like pouring gasoline on a fire. Here is briefly how Government borrowing adds to inflation.

If I save money by useful work, producing goods which others have bought, and if I lend a thousand dollars of my savings to Uncle Sam by buying a bond, there has been no increase in the Nation's money supply. Uncle Sam has a thousand dollars more. I have a thousand dollars less. But if the Govern-

Year	Consumer Price Index (1947-49=100)	Total gross debt ¹
		Billions
1910.....		\$1.1
1911.....		1.2
1912.....		1.2
1913.....	42.3	1.2
1914.....	42.9	1.2
1915.....	43.4	1.2
1916.....	46.6	1.2
1917.....	54.8	3.0
1918.....	64.3	12.2
1919.....	74.0	25.5
1920.....	85.7	24.3
1921.....	76.4	24.0
1922.....	71.6	23.0
1923.....	72.9	22.3
1924.....	73.1	21.2
1925.....	75.0	20.5
1926.....	75.6	19.6
1927.....	74.2	18.5
1928.....	73.3	17.6
1929.....	73.3	16.9
1930.....	71.4	16.2
1931.....	65.0	16.8
1932.....	58.4	19.5
1933.....	55.3	22.5
1934.....	57.2	27.1
1935.....	58.7	28.7
1936.....	59.3	33.8
1937.....	61.4	36.4
1938.....	60.3	37.2
1939.....	59.4	40.4
1940.....	59.9	43.0
1941.....	62.9	49.0
1942.....	69.7	72.4
1943.....	74.0	136.7
1944.....	75.2	201.0
1945.....	76.9	258.7
1946.....	83.4	269.4
1947.....	95.5	258.3
1948.....	102.8	252.3
1949.....	101.8	252.8
1950.....	102.8	257.4
1951.....	111.0	255.2
1952.....	113.5	259.1
1953.....	113.9	267.5

¹ As of June 30.

² January.

³ Mar. 12.

ment borrows a thousand dollars from a commercial bank, the money supply of the Nation has increased by that amount. The bank takes Uncle Sam's promissory note, in the form of a Government bond, and credits him with a thousand-dollar deposit against which he draws checks to pay his bills. As the debt goes up, as more bonds are sold to the banks, the money supply goes up; and it stays up, moving from hand to hand and from bank to bank, until the Government pays what it has borrowed. This creates a continuing demand for goods; and there already being a scarcity of goods because of war, prices naturally press upward.

When price controls were removed, after World War II, this pent-up purchasing power was turned loose on an economy that was slowly adjusting itself to peacetime demands.

It is well to consider here the terrific impact of Government on our economy at the present time. This impact has been growing ever since the Government started to inject itself in our economic system. The role of Government should be that of assisting in the creation of a proper atmosphere in which this system of ours works, and also as an occasional referee where laws are needed to regulate the activities of those engaged in commerce, where those activities affect each other or the general public. Government has gradually assumed a too-important place in our economic scheme of things, and it is gratifying to see this administration bent on getting Government out of that role as much as possible.

When in response to enlightened public opinion, Congress defines the purpose of managing money in the United States, recognition at last will be given to the fact that in our system of competitive enterprise, it is a function of the State to make available an adequate, but not excessive, supply of money. Then, for the first time, our monetary policies will be in line with the fundamental truth that economic life in our country is directed by the actions of 158 million people as they decide what to buy, what to produce, how much to save, and how much to invest.

With an adequate supply of money available, the younger generation will see to it that the stream of circulating funds grows larger every year. They will accomplish this with their ever-recurring, ever-increasing demand for the means to obtain ownership and control of our economic facilities, as youth takes over from old age.

Young farmers and businessmen are ready borrowers to establish themselves in agriculture, industry, trade, and commerce. Young people in the process of building and furnishing their homes, in acquiring the necessities and conveniences of life, are always eager to get the benefits today of their earnings tomorrow. At the same time, the money borrowed and used by these young people offsets the funds withdrawn from circulation and set aside for the security of old age.

The commercial banks of the United States are effectively organized and equipped for providing money when it is needed for the growth of small businesses and the development of production and distribution. There are 14,000 of these banks throughout the country. Each is an integral part of our system of competitive enterprise. In every community they offer opportunities to people of integrity, ability, and initiative who want to better themselves and get ahead

in the world. (From the book *Money, Men, and Machines*, by Catchings and Roos.)

Mr. President, I ask unanimous consent to have printed at this point in the RECORD as part of my remarks a table entitled "Inflation's Growth," which shows the effect of inflation upon one's earnings.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

INFLATION'S GROWTH

Inflation and taxation have levied a heavy toll on the Nation's economy over the past few years.

For example, a single man whose net income before taxes in 1939 was \$3,000 would in 1953 have to earn \$7,300 to be as well off as he was 14 years before. A married man with two dependents whose net income before taxes in 1939 was \$7,000 would have to earn nearly \$17,000 in 1953 to be as well off.

The extent of the change in the cost of living and purchasing power of the dollar is illustrated in the second table. The consumer's price index for moderate-income families in large cities jumped from 100 in 1939 to 190 late in 1952, meaning that consumer's prices have risen about 90 percent in a short 14 years. This in turn means that the dollar will purchase just about half as much as it did in 1939.

1953 equivalents of 1939 net incomes¹

1939 net income before taxes	1953 equivalent net income before taxes	
	Single person, no dependents	Married couple, 2 children
\$1,000.....	\$2,271	² \$1,900
\$1,200.....	2,756	² 2,280
\$2,000.....	4,706	4,200
\$3,000.....	7,338	6,649
\$4,000.....	10,210	9,139
\$5,000.....	13,428	11,641
\$6,000.....	17,067	14,230
\$7,000.....	21,427	16,981
\$8,000.....	26,241	19,760
\$9,000.....	31,752	22,712
\$10,000.....	36,824	25,607
\$15,000.....	73,061	44,384
\$20,000.....	141,905	69,028
\$25,000.....	229,197	96,447
\$35,000.....	412,077	171,177
\$50,000.....	643,878	376,308
\$75,000.....	879,003	734,484
\$100,000.....	1,055,228	1,005,381

¹ Net income required in 1953 for a taxpayer to be as well off after taxes and the depreciation of the dollar as in 1939.

² No tax either in 1939 or 1953.

SUGGESTIONS TO CONTROL INFLATION

Mr. GOLDWATER. Mr. President, I have a few suggestions to make. Certainly there are other suggestion than these, but these are a few for us to be thinking about, in connection with the problem of how to control inflation.

To bring about an approach to proper control of inflation, I would suggest that the Department of Commerce be instructed to prepare continuing studies on this subject, as earlier suggested in the case of direct controls. When an emergency that would create inflation again confronts our country, these indirect-control suggestions could be immediately put into effect, and those that require congressional action could get it quickly.

First. The first indirect control would be strict governmental economy. Available moneys should go into the direct war effort, and not into the building up

of nondefense agencies. It is to be hoped that in the near future, and even this year, the budget will be balanced, and that the budget will be maintained in the state of balance.

Second. A proper tax structure that will drain off excess earnings and profits, thereby eliminating some of the dangers that we have seen in the past 10 years.

Mr. President, it is very hard, politically, to increase taxes. It is difficult for Congress to say to a man, who suddenly is earning one-third or one-fourth more than he formerly earned, that, "Because of the war and because of the source of your increased earnings, we must take part of your earnings from you, to be used for the war effort." Of course, increased taxes are necessary if the Government is to operate on a pay-as-you-go basis. We hear constant references to the underdog and the low man on the totem pole, and to soak the rich. I was in the war, and I never heard any soldier ask the fellow next to him whether he was rich or poor. Such a question was never asked of a man who was in the fighting. However, in a war we must recognize that the people at home have to do their part, and that in some respects their part is even more difficult than the part played by the men who are sent to the front. For the people at home to play their part, they will have to be deprived of some of the niceties of life; instead of having 2 cars in every garage, perhaps there will be only 1, and perhaps it will not be possible to have as many television sets. I believe that our people must do without some of those luxuries so that the country will never be in danger of an economic collapse.

On the other hand, if we were to go through another war while following the same policies that were followed by our country in the last war, I would fear for the future of our Nation.

Third. Controls must be extended over credit in these periods of war emergency.

Fourth. If the Government is operated on a sound fiscal policy during war, it will be easier to sell Government bonds to the people, thereby borrowing directly from the source of currency and not creating new money.

Mr. President, it is not very encouraging for a man who bought a piece of merchandise, a Government bond, for which he paid \$75 10 years ago, to find, when he sells it for \$100, that when he goes to the store to buy merchandise with the \$100, he is able to buy only \$53 worth of merchandise for the \$75 he invested in that bond 10 years before. That is not a very pleasant situation.

These indirect controls have been tried in part in our history, but neither Congress nor the administration has ever applied itself assiduously to the rather unpleasant task of making them strong at the right time. It was the general consensus of opinion of the witnesses who appeared before the Banking and Currency Committee that we should explore indirect controls and should apply them when they are needed, at the outset of emergencies. By doing this, it is felt that we can successfully combat inflation when inflation threatens us.

Inflation is a wicked thing. It hurts those who least can afford to be hurt, the older people on fixed pensions, pensions from either insurance programs, company programs, or Government programs. The dollar they so laboriously worked for, to invest in these programs, comes back to them today a dollar worth only about half what it was worth when they earned it.

Mr. President, I hope that in the presentation I have made this afternoon, I have given my colleagues material they can use in deciding about the merits of the proposed legislation. This matter is of extreme importance to our economic life.

I personally feel that the pending bill is not needed. I think I represent the views of thousands and thousands of small-business and big-business people in the United States, and also of thousands and thousands of consumers, who feel that the freer our economic system can be, with a minimum of governmental interference, the better off all of us will be.

CHALLENGE TO BUSINESS

In closing, Mr. President, I should like to call attention to the fact that the businessmen of the United States today are confronted with the greatest challenge with which they have ever been faced. The Government is out of the business of control. The Government is doing what it can for the businessmen. If the businessmen do not respond by building new buildings and investing their money and extending credit, through the banks, to the people who need credit, if the businessmen do not live up to the axioms of the free-enterprise system, then perhaps next time the people will turn to the Government for the things that business should provide but has not provided; and perhaps thereafter the Government will not get out of the business of control and will not turn control back to business again, as the Government has done now.

So I urge the businessmen of the United States to accept this challenge and to show the people of the United States that the free-enterprise system can continue to be great and can continue to meet the challenge that is presented to it, and can accept its responsibilities, and can do so in a way that will mean a better, richer, and more satisfying life for all the people of the United States.

ORDER ACCORDING THE FLOOR TO SENATOR BENNETT TOMORROW

Mr. CAPEHART. Mr. President, I ask unanimous consent that when the Senate convenes at 12 o'clock tomorrow the able Senator from Utah [Mr. BENNETT] may be permitted to have the floor.

The PRESIDING OFFICER (Mr. GRISWOLD in the chair). Without objection, it is so ordered.

INTEREST RATE ON GOVERNMENT BONDS

Mr. KERR. Mr. President, I wish to pay tribute to a member of the present

administration, the Secretary of the Treasury. He has accomplished something which, so far as I know, no other Secretary of the Treasury in the memory of living man has ever accomplished. He has succeeded in putting up the interest rate on Government bonds, and in bringing down their value on the market, and in doing both things simultaneously.

A few days ago, financial interests that had not been tipped off in advance were surprised to learn that an issue of long-term Government bonds, for 30 years' duration, was to be placed on the market at $3\frac{1}{4}$ percent, which was one-half of 1 percent above any other long-term Government bonds in existence. Many reasons were given for fixing that rate of interest so high. I think probably the columnist David Lawrence has voiced a rather generally felt viewpoint on that question. I read now from the Evening Star of yesterday, in which appears the following article by David Lawrence:

AT LAST, A LENDER'S MARKET—HIGHER INTEREST RATES FINALLY REVERSE 20-YEAR INJUSTICE TO THOSE WHO HAVE MONEY TO LEND FOR PRIVATE GAIN

The article begins:

Perhaps because the topic is a technical one, the most significant development in a quarter of a century has passed unnoticed by the general public.

Mr. President, Mr. Lawrence could not be more sadly mistaken. I think he is correct in referring to the topic of finance as being a "technical one." But when he says that he action has passed unnoticed by the general public, I submit that he has been totally unaware of the tremendous reaction which has swept across the length and breadth of this country and which will continue to roll and roar until even the obtuse Mr. Lawrence will become aware of the tremendous storm that has been set in motion. I read further from his article:

It is a fact that at last the wages of money have finally been awarded an increase.

Mr. President, he did not know it, but the wages of money had been steadily increasing for months. I recall that a few years ago, when 91-day bills of the Federal Government bearing three-eighths of 1 percent interest were offered, they were oversubscribed. In the last 6 months of 1952, 91-day bills of the Government were being issued at an average of about $1\frac{3}{4}$ percent interest. I should think that even Mr. Lawrence would be aware that an increase from three-eighths of 1 percent to $1\frac{3}{4}$ percent was not an insignificant action on the part of the Government. Further, I am sure that, had Mr. Lawrence taken the time, he could have apprised himself of the fact that only a few days ago the Government issued 91-day bills at nearly $2\frac{3}{8}$ percent of interest. So, when he makes the statement that finally the wages of money have been awarded an increase, I believe he makes a statement that creates an erroneous impression.

Reading further from the article, I find this statement:

Most persons do not realize that money earned and saved is entitled to a decent wage.

I believe he is mistaken in that regard. I think all right-thinking people believe that money should have a decent wage. But few would agree with the next statement Mr. Lawrence made:

The fruits of labor are as important as labor itself.

Therein, Mr. President, Mr. Lawrence voices the great principle of those who agree with his political philosophy, namely, that things are as important as men and women. I believe Mr. Lawrence will have difficulty in persuading the American people to accept that philosophy, but I am grateful to him for stating it in its stark and brutal reality.

He continues in his article to discuss the action on the part of the Government which resulted in veterans' loan interest going up from 4 to $4\frac{1}{2}$ percent; and interest on Government housing loans increasing from $4\frac{1}{4}$ to $4\frac{1}{2}$ percent. He then says:

Immediately a hue and cry arose from some of the political folks—the radical Democrats—who saw an end coming to the flow of Government capital for socialistic enterprises—

Since he has referred to Government loans and Government housing loans in the preceding sentence, I take it he was referring to those projects as being socialistic enterprises—

including public ownership projects that are first cousin to the state socialism of either the Fascists or Communist type.

He continues:

But the truth is the step just taken emancipates a vast number of people—the lenders or savers—from the bondage of cheap money and inflation. For when money is made cheap deliberately an artificial boom is created by the Government itself and prices of everything go sky high.

He says that as a predicate for the declaration of the principle that, by the same token, the action of government can result in the prices of everything hitting the skids and going to the bottom. Mr. President, it is rapidly becoming apparent to the American people that such a cycle has been set in motion.

I desire to read a few words from an editorial in a great business magazine, Business Week, of May 9, 1953. I read:

Events in the money market last week seem to us to be saying pretty plainly that we may be overdoing this tight-money business. The Victory $2\frac{1}{2}$ s, as we have mentioned, went to 92, contrasted with a high of $106\frac{1}{2}$ in 1946.

Mr. President, that points to one of the sad commentaries on the amazing action by the Secretary of the Treasury. By this action of his he cost the holders of present Government bonds from fifteen to twenty billion dollars—a poor reward, I must say, for what they did in buying the bonds in order that the Government of the United States might have the money with which to fight and win World War II. In that statement, Mr. President, is told the story of the Victory $2\frac{1}{2}$ s—that is, the Government bonds bearing $2\frac{1}{2}$ percent interest, which were issued during the war.

Further referring to the editorial in Business Week, it calls dramatic attention to the fact that under the opera-

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HIGHLIGHTS: Senate debated economic-controls bill. House committees reported Treasury-Post Office appropriation bill and rule for its consideration.

SENATE

1. ECONOMIC CONTROLS. Continued debate on S. 1081, to authorize temporary economic controls (pp. 5003-14, 5028-30).
2. BANKING AND CURRENCY. Sen. Murray spoke in favor of S. Con. Res. 28, which would require the Federal Reserve System to support Government securities at par, "thereby enabling the Government to borrow at lower interest rates" (pp. 4993-4).
3. DAIRY INDUSTRY. Sen. Wiley said public and private agencies should encourage greater consumption of dairy products and thereby solve the surplus problem (p. 4994).
4. EDUCATION. Sen. Wiley spoke in favor of adequate appropriations for vocational education in agriculture (p. 4994).
5. APPROPRIATIONS. In reporting the first independent offices appropriation bill, H. R. 4663 (see Digest 86), the Appropriations Committee increased Civil Service Commission from \$16,064,323 to \$17,000,000, increased National Science Foundation from \$5,724,400 to \$10,000,000, decreased the emergency fund for the President from \$500,000 to \$300,000, decreased emergency operating expenses of GSA from \$22,668,250 to \$20,000,000, increased GSA operating expenses for public buildings from \$98,826,070 to \$104,750,000, and decreased National Archives and Records Service from \$5,625,000 to \$5,525,000.

HOUSE

6. APPROPRIATIONS. The Appropriations Committee reported H. R. 5174, the Treasury-Post Office appropriation bill for 1954 (H. Rept. 416), and the Rules Committee reported a resolution waiving points of order on the bill (p. 5071). Following are excerpts from the committee report:

Accounts Bureau. "The committee recommendation of \$1,800,000...is a reduction of \$200,000 from the amount requested and from the amount appropriated for the current fiscal year. The proposed reduction contemplates...savings applicable to establishment of Central Accounts; delay in review and audit of old suspense accounts;...~~decrease in~~ projects for improving accounting and reporting and internal audits"

Disbursement Division. "The committee recommends...\$11,000,000 which is a reduction of \$1,065,000 from the amount requested and \$1,200,000 from the appropriation for the current fiscal year. It is suggested that personal service costs can be reduced...through...suspension of the mechanization program."

7. SUBMERGED LANDS. Agreed, 278-116, to the Senate amendments to H. R. 4198, to establish State title to submerged lands (pp. 5064-6). This bill will now be sent to the President.

Passed, 309-91, H. R. 5134, to confirm Federal jurisdiction over submerged lands in the Continental Shelf seaward from State boundaries (pp. 5044-63).

8. RESEARCH. As reported (see Digest 85), H. R. 4689 removes the limitation of \$15,000,000 on the annual appropriation authorization for the National Science Foundation. The committee report states: "...economies can be achieved by centralizing in the National Science Foundation programs which are now carried out by several agencies." The committee report quotes a Budget Bureau letter stating as follows: "The removal of the limitation is not expected to result in an increase in total Government expenditures for the support of research. The National Science Foundation is now commencing a study which will result in recommendations as to the desirable goals and objectives of the Nation's research activities and the appropriate part for the Federal Government in this effort. When this study is completed, consideration will again be given to the proper level of Federal support of basic research. In the meantime, it will be desirable and economical to continue the gradual process of centralizing in the National Science Foundation, the general purpose basic research support programs of the Federal Government."

9. PERSONNEL. Received a Society of Cincinnati petition for removal of communists from Government service (p. 5072).

BILLS INTRODUCED

10. PERSONNEL. H. R. 5180, by Rep. Mason, to exempt \$125 per month of retirement income from taxation (p. 5072); to Ways and Means Committee.
11. MINERALS. S. 1894, by Sen. Butler, Nebr., "relating to the reservation of mineral rights in land patented under the nonmineral land laws"; to Interior and Insular Affairs Committee (p. 4993).

ITEMS IN APPENDIX

12. FARM POLICY. Rep. Price inserted an article by Thomas Stokes criticizing the President and the Secretary for cutting funds on "social gains" including REA (pp. A2751-2).
13. MONOPOLIES. Sen. Mansfield inserted an address by George Burger favoring enforcement of the antitrust laws (pp. A2701-2).
14. ST. LAWRENCE SEAWAY. Extension of remarks of Rep. Radwan opposing this project (pp. A2707-8). Rep. Van Zandt inserted a Beaumont Enterprise editorial opposing the project (p. A2759).

ever, I assure the acting majority leader and the acting minority leader that my prepared remarks will take no longer than 20 or 30 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

TEMPORARY ECONOMIC CONTROLS

The Senate resumed the consideration of the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

Mr. MAYBANK. Mr. President, will the Senator from Utah yield to me for a moment, so that I may make an inquiry of the Senator from Indiana?

Mr. BENNETT. I yield, if my so doing, I do not lose my right to the floor.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. MAYBANK. Mr. President, I should like to address a question to the Senator from Indiana [Mr. CAPEHART].

I understand that an amendment I submitted with respect to the so-called regulations X and W is now before the Committee on Banking and Currency and will be favorably reported as a committee amendment. Is my understanding correct?

Mr. CAPEHART. The committee considered your amendment and revised it slightly. As so revised, it is now a part of the bill which is being considered. By virtue of the fact that the amendment was added to the bill by the Committee on Banking and Currency as a whole, it became a part of the bill.

Mr. MAYBANK. I thank the Senator from Indiana.

Mr. CAPEHART. Therefore, it will not be necessary to offer it as an amendment from the floor. Neither will it be necessary to offer an amendment to strike out the rent control feature of the bill, because such a proviso likewise is now a part of the bill.

Mr. MAYBANK. I merely desired to have the RECORD show that that was so. I appreciate the statement made by the Senator from Indiana, because I did not wish any misunderstanding to arise.

Mr. CAPEHART. Mr. President, in order to make certain, I wish to make a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CAPEHART. I wish to be certain of the statement I have just made, to the effect that the consumer control and rent control portions of the bill as reported by the committee contain committee amendments that are now a part of the bill, and that it will not be necessary to offer them as amendments from the floor.

The PRESIDENT pro tempore. The Chair will state that they are a part of the committee substitute.

Mr. CAPEHART. Mr. President, will the Senator from Utah yield to me to make a unanimous consent request?

Mr. BENNETT. I yield, under the same conditions.

Mr. CAPEHART. Mr. President, I ask unanimous consent that Senate bill 1081, to provide authority for temporary eco-

nomie controls and for other purposes, be reprinted showing the committee substitute as modified by additional amendments heretofore reported.

The PRESIDING OFFICER (Mr. MARTIN in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. BENNETT. Mr. President, a part of the material which I shall cover in what I have to say today has already been developed in the debate which took place yesterday. I ask the indulgence of the Senate if I seem to repeat some of that material, because I should like to present what I have to say in an orderly fashion. I shall consume approximately 40 minutes, plus whatever time may be consumed in colloquy which my speech may engender.

Last Friday I occupied the floor to present my point of view with regard to the basic philosophy behind the proposed legislation. Today I should like to address myself to the problems which I think exist in connection with the idea that legislation should be enacted on a standby basis.

Those of us who oppose Senate bill 1081 will probably be accused of opposing all Government intervention in the economy in times of grave national emergency. That is not true. We recognize that at such a time we shall need a wise and courageous Government program, but we vigorously reject the idea that title 8 of this bill is such a program, or that we should try to produce a program now on a standby basis.

As I analyze the arguments made by the proponents of the standby idea, it seems to me that they are three in number, as follows:

First, they argue that it is necessary to adopt some program now and give the President the power to invoke and operate it because Congress cannot act fast enough in the face of adverse international developments, or because of the speedily destructive force of modern warfare.

Second, the proponents of the standby idea, it seems to me, apparently believe that the pattern of direct consumer controls, developed in World War II and repeated when the Korean war began, is the only proper pattern for all similar emergencies and can, therefore, safely be enacted now to be applied when needed. Of course, if we can accept that assumption, we can accept the idea that all emergencies are more or less alike, that the same problems repeat themselves. Therefore, you can agree that a use of direct consumer controls should be a permanent standard economic pattern—a part of our continuing law, to be dormant during times of peace on a standby basis and reactivated more or less automatically in times of economic stress or threats to our national security.

Third, they ask us to accept the idea that this pattern of consumer controls, even on a standby basis, is an effective weapon against inflation.

I completely reject these three assumptions. Today I propose to examine each critically in its turn.

The chief reason given for the idea of reposing standby powers in the President is that the Congress cannot act fast enough in time of need. I think this reasoning is fallacious from many points of view.

This is the part of my address which will probably go over some of the ground over which we went yesterday.

First, I doubt that so great a grant of power as that contained in title 8 of this bill is constitutional. Since I am not a lawyer, I shall not pursue this question further. I raise it in the hope that others better prepared than I will discuss it before this debate ends.

Second, I feel that this is a problem which is definitely the responsibility of Congress and of Congress alone. I agree with the statement of William Blake, president of the Cotton Council of America, made before the committee during the hearings on this bill. Mr. Blake said:

The responsibility for deciding whether ceilings are in the national interest should not be transferred to the executive branch on any standby basis. The question involved is a very fundamental one of national policy. I hope we will keep in mind that, when business and agriculture and labor are forced to go under ceilings, the adjustments which they must make are terrifically difficult, wasteful, and demoralizing.

Mr. CAPEHART. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I shall be happy to yield.

Mr. CAPEHART. The 1950 Defense Production Act, certain features of which we are now considering extending, gave the President the power to control all prices, all wages, and all rents. It did not give him a mandate to do that; it simply gave him authority for a 12-months period to do so if, in his opinion, he thought it was necessary.

So no principle is involved in the pending bill which was not involved when the original 1950 Defense Production Act was passed. In fact, less power is granted in the pending bill, because in this instance the power is limited to 90 days only, whereas the original 1950 Defense Production Act provided such power for 12 months.

Mr. BENNETT. I was not in the Senate when the 1950 Defense Production Act was passed. However, I voted against the 1951 and 1952 extensions. The passage of those bills led to the direct, current imposition of controls. The pending bill is offered to project that power into the unknown future. To me, there is a difference in the situations.

Mr. CAPEHART. Mr. President, will the Senator yield further?

Mr. BENNETT. I yield.

Mr. CAPEHART. The present law, which we are considering, provides for a period of 2 years. The authority to freeze all prices, wages, and rents for only 90 days, if the President in his wisdom, as a result of a grave national emergency, wished to use it. It would be applicable for only 90 days, not indefinitely; and the legislation under which he could impose the 90-day freeze would run only for 2 years.

In the committee, we discussed the possibility of limiting the authority to the duration of hostilities in the Korean war. Then we decided that possibly that would not be a good way to handle the matter. So we provided for a 90-day freeze, and the proposed legislation permitting the imposition of such a freeze for 2 years. It might well be for the duration of the Korean war, because we are at war today. We are living under an emergency at the moment, because any time the Nation is at war, certainly it is living under an emergency. Whether or not one likes it, he has to face the fact that it is an emergency. It is not, of course, at this time a grave national emergency.

Mr. BENNETT. I am aware of the time limitation in the bill, but I suggest to the chairman of the committee that the 1950 act was extended in 1951 and again in 1952, and I am afraid that a pattern is being assumed, perhaps fallaciously, but I think rather accurately; and once the pattern becomes established, it will be continued.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. I agree that the 1950 act has been extended twice. I suppose this will be the third time certain features of it have been extended. But I also call the attention of the Senator from Utah to the fact that during the entire time, even to this very day, the United States has been at war. In other words, the 1950 Defense Production Act was enacted as a result of the beginning of the Korean war. The Korean war will have been in progress 3 years on June 25, next month. So while the act has been extended twice, that has been because it has not yet been possible to find a way to end the Korean war. We have not as yet been able to stop that war; it is still going on. I do not know of anybody who can give us assurance at the moment how that war is going to be stopped.

I believe the Senator from Utah will agree with me that so long as we are at war, we ought not completely, abandon any idea that it might develop into a big war and that we might need to control prices because of that circumstance. So long as the Korean war is in progress, the American people ought to have some protection. That is my viewpoint. We must keep that thought in mind.

It was stated yesterday that we might well place in the bill a provision requiring that a declaration of war precede use of the 90-day freeze. We are now at war. There is no use placing a provision for a declaration of war in the bill because we are now at war. There is an emergency. We are at war. We do not like it, but I think we must be sufficiently realistic to realize that we are at war, and that some day unless there is a truce, or peace is brought about, we will have to win the war.

Mr. BENNETT. I realize that there is a difference of opinion between the committee chairman and me. It is my opinion that if Congress should adopt the kind of standby legislation that is proposed, it would be setting a more or

less permanent pattern. However, the Senator from Indiana does not agree with that.

Mr. CAPEHART. I may say that it is a friendly misunderstanding.

Mr. BENNETT. It is a discussion of the problem.

Mr. CAPEHART. That is correct.

Mr. BENNETT. I return to my text. I was quoting from a statement by William Blake, president of the Cotton Council of America:

I hope we will keep in mind that, when business and agriculture and labor are forced to go under ceilings, the adjustments which they must make are terrifically difficult, wasteful, and demoralizing, and that once they are under ceilings the process of getting extricated from them and returning to the normal price relationships is also a slow, painful, difficult matter of adjustment. The responsibility for deciding whether in any future situation this country should again go into the ordeal of ceilings should never be transferred from that branch of government which is closest to the people—the United States Congress.

The only reason offered for the opinion that this power should be transferred to the President is that Congress cannot act with the necessary speed. In the recent debate on the submerged land bill and in the discussion therein concerning freedom of debate, the Senator from Arkansas [Mr. FULBRIGHT] recognized the speed with which Congress could and does act when necessary. His statement in this regard is recorded in the *Congressional Record* of April 21, 1953, at page 3594. The Senator from Arkansas said:

One may say that in the modern world it is necessary for legislatures to act quickly. I reply that when it is necessary we do act quickly. When the Nation feels itself in danger from war or depression, the Congress of the United States can do whatever is necessary in a day's time.

Mr. CAPEHART. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. Of course, if Congress wished to do so, it could, in 20 minutes, by passing a freeze bill, give the President the right to freeze. While I have my serious doubts whether it would ever act so swiftly on a price-wage-rent freeze bill, it is a possibility. Unfortunately, that is the least part of what must be done in preparing the Nation to handle such a situation as would arise in the event of an all-out war. Endless days are required to set up an organization; endless days are required to write rules and regulations; endless days are required to recruit personnel; endless days are required to do the many things which must be done in connection with a matter of this kind, if it is to be done right.

My position is based upon my observations of what happened in World War I and World War II, and our endeavors to handle this problem in the Korean war, when we were unable to do the kind of job which ought to have been done, because we did not have the time. Of course, Congress could pass a simple 90-day freeze bill or resolution on the floor almost instantly, but that would be the least part of the problem.

Time is required to prepare regulations, to recruit an organization, and to get ready to do the job. It is in the interval that the harm is done. If we do not have the proper laws, the proper rules and regulations, and the right kind of organization, great injury results. My position is that we ought now to decide what we are going to do and prepare to do it, thereby avoiding endless days, weeks, and months of preparation. In my opinion the harm is done during the first 2 or 3 weeks. I agree that if the Congress wished to do so it could this afternoon, within 10 minutes time, act in a hurry by virtue of a vote. Of course, one, two, or several Senators could delay such action for some time, as the Senator certainly is aware.

Mr. BENNETT. I think the Senator from Indiana has indicated a situation in which I believe, if we pass this proposed legislation, assuming that it is an effective freeze—which I am not ready to admit—we shall have taken one step, which is to freeze the economy, or give the President the right to freeze the economy. Then we would expect to use the time thus gained in developing permanent legislation. I think we should take the first freeze step by congressional action, and still give Congress time to write the permanent legislation. The only question between us at the moment is whether we should take the freeze step now or whether Congress should act to freeze at the time of an emergency. It is my feeling that Congress could act to freeze, if a freeze were desirable, and then could go on to the next step.

I now return to my text. I turn again to William Blake of the Cotton Council. In another part of his testimony before the committee, he said:

I am well aware of the argument that in the event of a truly great national emergency prompt action might be necessary and that action by the Congress might be too slow. I disagree with this point of view. Congress can act with great rapidity when the occasion demands. War was declared on Japan and Germany in less than 36 hours after Pearl Harbor. Actually, I believe an examination of our past will show that the speed with which Congress moves in an emergency varies directly in proportion to the seriousness of that emergency, and the point that needs to be made here is—that is precisely the speed at which we should move in imposing wage and price ceilings on the future American economy. If any emergency that might arise in the future is not serious enough to precipitate prompt action by the Congress, it is not serious enough to warrant any such drastic action as the imposition of ceilings.

The President recognizes both the responsibility of Congress and its power to act when needed. He has not requested the standby powers granted by this legislation. Turning now to his state of the Union message of February 2, 1953, I quote:

We are, of course, living in an international situation that is neither an emergency demanding full mobilization, nor is it peace. No one can know how long this condition will persist. Consequently, we are forced to learn many new things as we go along, clinging to what works, discarding what does not.

In all our current discussions on these and related facts, the weight of evidence is

clearly against the use of controls in their present forms. They have proved largely unsatisfactory or unworkable. They have not prevented inflation. They have not kept down the cost of living. Dissatisfaction with them is wholly justified. I am convinced that now, as well as in the long run, free and competitive prices will best serve the interests of all people and best meet the change of growing needs of our economy.

May I go back and underline two statements in the preceding paragraphs from the President's state of the Union message. He said:

Consequently we are forced to learn many new things as we go along, clinging to what works, discarding what does not.

By rewriting price, wage, and rent controls into this bill—even on a standby basis—we are not “clinging to what works” and “discarding what does not”; we are clinging to what we know does not work. And again, in all the matter presented at the hearings, the weight of evidence was clearly against the use of controls in their present forms. They have proved largely unsatisfactory and unworkable; and yet, as the Senator from Utah understands the bill, it would reenact on a standby basis the same type of controls which the President has said have largely proved unsatisfactory or unworkable, and in the face of his statement that the weight of the evidence is clearly against the use of controls in their present form.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. I think the President also stated that under the law Congress gave him the authority to eliminate controls, and that he was eliminating price and wage controls; but in the same paragraph he stated that if he found, as a result of removing controls, inflation occurred, and it should become necessary, he would not hesitate to come to Congress and ask that they be reenacted.

Mr. BENNETT. I expect to quote that paragraph in a moment.

The purpose of title VIII is to reimpose controls in their present form, in the hope of overcoming the obvious objection to them with the idea that they are to be on a “standby basis only.”

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. I do not think the Senator can say that it is the intention to reimpose them as they are. All title VIII does is to give the President the right, in case of a grave national emergency, to freeze prices, wages, and rents as they are for 90 days. During the 90-day period Congress can decide what it wishes to do. If there are new and better ways of handling the situation during a grave national emergency, then Congress will pass upon that subject.

Congress might not at all, under title VIII, continue direct controls. It might decide that other methods were better. All we are endeavoring to do by title VIII is to say that in a grave national emergency we shall hold the line until the Congress and the President can decide what ought to be done. The Congress would be free to do anything it cared

to do within the 90-day period. If it wished to do so, it could rescind the 90-day order the first day. It could decide, during the 90-day period, that direct controls were not needed, that the situation could be handled entirely by indirect controls.

It could decide, if it wished to do so, to do nothing. The decision during the 90 days would be up to the President; and during the 90-day period the line would be held. We would not permit prices to get out of line. We would be stopping inflation in its tracks, until we could decide what to do.

That is all title VIII does. That is all it is intended to do. I think, particularly while we are at war in Korea, that the American people are entitled to that protection. Title VIII does not by any stretch of the imagination indicate that during the 90-day period the Congress would enact the same kind of legislation which was enacted in World War I, World War II, or the Korean war. It is simply an effort to hold the line until Congress can decide; and Congress has 90 days in which to decide what to do. That is all there is to title VIII. It does not continue controls. It does not say that controls shall be the same as they were at the beginning of the Korean war, or the same as they were in World War I or World War II. It leaves that decision 100 percent up to the Congress of the United States.

During the 90-day period the able Senator from Utah and other Senators would be able to introduce proposed legislation and make speeches and take any position they cared to take on the subject. We would have 90 days to do it in, knowing that during that 90-day period, while we were considering the subject very carefully, the line would be held and prices would not be skyrocketing and people would not be hoarding. My personal opinion is that the people would welcome the idea of knowing that our economy was not going to get out of balance.

Mr. BENNETT. The Senator from Utah realizes that if we had price controls and if they were discontinued, this measure, if enacted, would make it possible to put them into effect for a 90-day period. However, they still would be price controls, and the same is true of wage controls and rent controls.

In making the statement the Senator from Utah reserves again for later discussion his opinion as to whether this proposed legislation would actually accomplish the desired purpose.

Mr. CARLSON. Mr. President, will the Senator from Utah yield for a question?

Mr. BENNETT. I am happy to yield to the Senator from Kansas.

Mr. CARLSON. Section 802, at page 24, reads, in part:

SEC. 802. The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of this title.

My question is, Does not that section give the President complete economic authority and power over the entire Nation, not only with respect to wages and

prices, but in the operation of our ordinary economy? It seems to me that it is too far-reaching power to give to the President except during a war.

Personally it will be very difficult for me to go along with legislation which gives the present President or any future President—and, of course, I understand that the legislation could be used only during a 2-year period—such broad powers.

It seems to me that such powers could be abused. They are powers which I have criticized in the past and which I doubt should be given to anyone in a democracy.

Mr. BENNETT. Mr. President, the Senator from Utah would suggest to the Senator from Kansas that he reread all of sections 801, 802, 803, and 804. If he does so, he will find that the powers to which he has referred are only a small part of the grant of power which in the opinion of the the Senator from Utah is made under this proposed legislation. The Senator from Utah hopes to discuss that phase of the problem in detail at another time. If it should be wise to do so now he would be very glad to discuss it at this point.

Mr. CAPEHART. Mr. President, will the Senator from Utah yield so that I may answer the question of the Senator from Kansas?

Mr. BENNETT. I yield.

Mr. CAPEHART. The language which the Senator from Kansas has read is the language which was included in the 1950 Defense Production Act, and in each revision of the act which was passed since that time. I am sure the able Senator from Kansas voted for such language in the past. It is the same language as is contained in prior legislation on this subject. There is no difference whatever in the language. The 1950 Defense Production Act contained the same language. It gave the President the right to write rules and regulations, and so forth, in order to put the act into effect.

In almost every piece of legislation which Congress passes, the President is given the right to prescribe the rules and regulations which put the act into effect. It is nothing more than a house-keeping clause which is included in this type of legislation. The exact words were included in the 1950 Defense Production Act.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CARLSON. I wish to say in response to the distinguished Senator from Indiana that the junior Senator from Kansas will be very cautious in voting such powers in future legislation. I admit that I voted for some of these powers in the past. I am not certain that they rendered the great service we thought they would render when we voted for them. I have a great doubt in my mind that such authority should be granted to any individual.

I shall listen with great interest to the Senator from Utah and the Senator from Indiana discuss this particular point when it is reached.

Mr. BENNETT. I hope Senators will give the Senator from Utah an opportunity to maintain some coherence in his remarks. I shall return to my text. I should like to quote from the President's state of the Union message, in which he said:

We shall have to watch trends closely. If the freer functioning of our economic system as well as the indirect controls which can be appropriately employed prove insufficient during this period of strain and tension, I shall promptly ask Congress to enact such legislation as may be required.

May I emphasize that last sentence? He said:

I shall promptly ask Congress to enact such legislation as may be required.

He did not say he would promptly ask Congress to reenact the type of controls legislation if it were allowed to expire, the present renewal of which he wisely rejected.

Let us turn now to the testimony of two representatives of the administration, given before the committee during the hearings of the bill. Arthur S. Flemming, Director of the Office of Defense Mobilization, said:

Consistent with the President's desire to free the economy of controls, we hope that the Congress will decide that in the event of an emergency situation it could move rapidly enough in providing authority for a freeze to deal with the problem in an adequate manner.

He did not say he hoped Congress would provide the President with such power.

Mr. Flemming said:

We hope that the Congress will decide that in the event of an emergency situation it could move rapidly enough.

Then again, the Honorable Sinclair Weeks, Secretary of Commerce, in testimony before the committee said:

I am opposed to the continuation of price and wage controls on any basis. It is my opinion that such controls are both unnecessary and undesirable. We believe that this country is capable of taking prompt and effective action in the event of an emergency requiring such controls.

Under questioning, both of these witnesses and other Government witnesses indicated their belief that, if Congress chose to impose these controls on a standby basis and require the President to decide when they should be invoked, he, the President, would accept that responsibility. I can clearly understand that attitude of the President. It reflects his clear understanding of his responsibility in relation to the Congress. If Congress chooses to pass any law and impose responsibilities on the President, it is his duty to accept those responsibilities. You will note that Mr. Flemming said:

It [Congress] could move rapidly enough in providing authority for a freeze to deal with the problem in an adequate manner.

But this bill goes very far beyond a freeze. As title VIII is written, it is a serious and almost complete delegation of power over the economy. It gives the President the power and the responsibility, first, to freeze the economy; second, to determine all ceiling prices—and

may I note in passing that this power includes the power to roll back ceiling prices—third, to provide exemptions from, suspensions of, or adjustments to these ceilings; fourth, in section 802, as the Senator from Kansas [Mr. CARLSON] has indicated, to write all the regulations necessary; fifth, to inflict punishment; and sixth, to use the income-tax law as a means of punishment even before a person may have been proved guilty by the ordinary judicial process. At least that is the way the Senator from Utah reads the bill.

Knowing the man we have as President now, we can understand why he did not ask for these great powers and his reluctance to accept them.

Moreover, we cannot assume that, because such powers as these might be transferred to the President, he, whoever he may be, will act with wisdom and dispatch in the time of crisis, or with more wisdom than Congress might exercise.

Certainly in 1950, President Truman, who was given standby powers in September, did not choose to exercise them until January 1951, leaving the impression that he allowed the possible political effects on the elections of 1950 to have more weight than the possible value of direct consumer controls in fighting economic effects of the inflation.

That these vast powers must be transferred to the President now, in order to save a few days time is unthinkable to me. I am inclined to agree with the editorial in the Wall Street Journal of Thursday, March 26, which says in part:

Writing a law now under which the Congress delegates to the President full powers to act in some future time is, we believe, unwise. The power to declare the existence of a national emergency must be vested in somebody by any law that attempts to provide the means of dealing with it. To place that authority exclusively in the executive branch of the Government, goes against our deeply rooted political instinct. If not by the President, the decision to invoke the powers of the standby mobilization can only be made by the Congress. It is the real or assumed dilatoriness of Congress in meeting a state of emergency or outright war that the proponents of this bill seek to avoid. Our feeling is that they are ready to pay too high a price for the time that this plan might or might not save.

Yesterday, during the discussion, the able Senator from New York [Mr. LEHMAN] suggested that the bill should be passed because in some tragic way Congress might be wiped out, and then there would be no one on hand to pass economic legislation. However, it seems to me there would be far more serious problems to be faced if Congress were to be wiped out; and if we felt that were a real possibility, I should think we would be more concerned with studying the question of other powers which should be transferred.

Of course, the fact is that Congress cannot be wiped out successfully, because the governors have the right to appoint our successors and to reconstitute this body itself very quickly.

Furthermore, what proof have we that the same catastrophe might not wipe out the President, to whom the powers are proposed to be given?

Thus, for all these reasons, I reject the first assumption that Congress cannot act quickly enough, as being unsound.

Let us turn now to the second assumption, which is that the pattern of direct consumer controls—in pattern, if not in detail—as developed in World War II and as repeated when the Korean war began, is the proper pattern for all similar emergencies and, therefore, can be safely enacted now, to be applied in any future emergency. Of course, if we can accept this assumption and if we accept the idea that all emergencies are more or less alike, we might also be led to agree that such a system of direct consumer controls should be a permanent part of our standard economic pattern. These are assumptions I cannot accept. From this bill, we might get the impression that other possible programs for use in emergencies had been studied and rejected. This is not true. The only program the committee considered was this one to re-enact direct consumer controls. The opportunity the members of the committee had was to adopt or reject the one program substantially represented by title VIII of this bill. But the most serious assumption implicit in this standby idea is the assumption that conditions never change in an emergency; that we can safely adopt a pattern now to fit all cases.

On the very face of it, this is not true. Conditions changed between 1940, when World War II threatened, and 1950, when the Korean war began. They have changed since June 1950 in many important respects. I think we should stop and consider some of these changes that might affect the possible pattern we would want to adopt if and when we face another emergency. First, let us consider some conditions in our civilian economy. Take employment. When World War II began in Europe in 1939, in this country we had about 11 million unemployed, and they represented 20.4 percent of the total labor force. When the Korean war began in 1950, we had a little more than 3 million unemployed, representing 5.5 percent of the labor force. Today we have less than 1.7 million unemployed, or 2.7 percent of the labor force. That is one very important and very significant change.

It is hard to calculate our productive capacity for civilian goods and services in the face of the present need for the production of military equipment, but the survey of current business for February, issued by the Department of Commerce, shows that while the purchases of the Federal Government for goods and services nearly doubled between 1949 and 1952—and note that this period includes the Korean war—the rise in production was great enough, nevertheless, to permit increases of nearly 7 percent in personal consumption, 14 percent in nondefense construction, and 19-percent increase in the output of producers' durable equipment, to say nothing of the increase in inventory which took place over the period. In other words, we have taken the increased production required by the Korean war in our stride and still have been able to increase production for civilian use. No serious shortages developed except those

created by the application of controls and maladjustments created by OPS regulations, such as the meat shortage and the potato fiasco.

Another interesting measure of the tremendous change that has taken place in our economy since World War II began is the record of the remarkable increase in the civilian inventory of consumer goods. Between 1940 and January 1, 1953, for instance, the total number of electric washing machines rose from 14½ million to over 32 million. The total number of homes with radios increased from 28 million to 46 million, and the total number of radio sets in used increased from 45 million to 114 million. There were no television sets in 1940. There are 21 million today. In 1940 there were 27 million passenger cars; in 1952 there are 43 million. There is a refrigerator for 7 out of every 8 families; a vacuum cleaner for 5 out of every 8; a washing machine for 6 out of every 8; a television set for 4 out of every 8; and there are 3 million more passenger cars in the United States than there are families. I mention these figures to show that any plan to control the civilian economy of the consumer level for future emergency can be built with the knowledge there will not be a pent-up consumer need for durable goods such as existed either in 1939 or in 1950.

Let us turn now to our military preparedness. In 1940, with war already raging in Europe, we were able to devote only 2.2 percent of our gross national product to war production. In 1950 it was 6.4 percent. But in 1953, it is 14.2 percent. And today we are producing more than one-third as much as we produced in the peak year of 1944; but this is only about one-seventh of our total gross national product.

Another place in which there have been great changes, particularly in the last few months, is in the area of basic Government policy. I think every Member of the Senate will agree that pre-World War II fiscal policies were definitely inflationary. We had deficit financing, a pegged market for Government bonds, and easy credit. As Dr. Harold Degraff, professor of economics at Cornell University, pointed out to the committee:

Extremely easy money policies characterized most of the depression and war years and were a major factor in the inflationary buildup. Prior to 1930, Federal Reserve discount rates were never below a 3-percent level and were at times even as high as 6 percent or more. But during the currency inflation of 1933 to 1948, the discount rates were pushed down to 1½ and 1 percent on borrowing secured by short-term Government security. A standard 1-percent rate was in effect from 1937 to 1948. It was a conscious policy of Government during this time, first, to inflate the currency as an anti-depression device and, later, to keep money cheap as an aid to financing Government deficits and refinancing the public debt. The peace policies at the same time were a potent force contributing to an overexpansion of currency and bank deposits relative to available supplies of purchasable goods. Price inflation was an inevitable result of such policies.

The record is all too clear that Government in recent years actually has favored infla-

tionary fiscal and monetary policies and then has fostered the application of direct controls presumably as an offset to the inflation of the currency. Such a combination of policies is nothing short of economic quackery or economic dishonesty. The record of direct price controls is that they were much more effective in holding down the official price indexes than they were in holding down the real prices people had to pay.

The indirect measures by which inflation really can be controlled, if we do mean that we want to control it, may require more political fortitude and more real leadership of the Nation; but, on the other hand, they can work, they can control inflation without a disruption of competitive enterprise, without an army of price policemen; without making criminals out of honest, useful, and constructive citizens.

Mr. President, the great change of the last few months is, of course, that we have seen displays of that political fortitude—that real leadership. It began 2 years ago when, under public pressure, the Federal Reserve Board was freed from domination by the Treasury. It was continued when the Federal Reserve Board ended its price-pegging policy. Additional and more courageous steps have been taken by the present Secretary of the Treasury as he has allowed interest rates on Government borrowing to rise and to reflect the more natural market level. The extent to which these actions have contributed to the dissipation of the inflationary pressure that occurred many months before the previous price controls were lifted is difficult to measure; but certainly they should convince us that indirect controls work, and we take heart from the changes in the Government policy; and we can realize that when the next serious emergency comes, if it comes, there is a chance that these controls may be effectively used.

Then, too, there has been an important change in the attitude of the people. No crisis can catch us as unprepared emotionally as we were caught in 1941 and 1950.

Mr. BUSH. Mr. President, will the Senator from Utah yield to me for a question?

The PRESIDING OFFICER (Mr. THYE in the chair). Does the Senator from Utah yield to the Senator from Connecticut?

Mr. BENNETT. I am very happy to yield.

Mr. BUSH. On the question of indirect controls, I think I agree fully with the Senator from Utah; and we have previously agreed on the force of indirect controls.

In the pending bill, as originally drafted by the committee, there was a provision which would give the Federal Reserve Board power to exercise indirect controls, particularly with respect to consumer controls, such as those provided for in regulation X and regulation W, which once were in effect. At a meeting of our committee, which, unhappily, I did not attend, for some reason I do not now recall, though I hope the Senator was there, authority was removed from the bill to restore to the Federal Reserve Bank a continuing power to exercise control over consumer credit through such regulations as X and W. I should like to ask the Senator

specifically whether he agrees that that was a good thing to do.

Mr. BENNETT. The Senator from Utah would remind the Senator from Connecticut that the authority was not completely taken out of the bill, but it was transferred under title VIII, so that the authority could only be used concurrently with the imposition of price, wage, and rent controls.

Mr. BUSH. Would the Senator agree with me that, since it was transferred in that manner, the Federal Reserve Board is effectually left as it was, namely, without any control over consumer credit at the present time?

Mr. BENNETT. The Senator is correct. The position of the Senator from Utah is that the particular problem to which the Senator from Connecticut refers is a very serious one. It is a problem whose aspects are very much misunderstood by many parts of our American economy, in my opinion. The Senator from Utah hopes that before too long the Committee on Banking and Currency will itself begin a study of that particular problem, giving interested facets of our economy an opportunity to testify, and giving an opportunity for an educational program which might wipe out some of the misunderstanding upon which the Senator from Utah feels much of the opposition to the particular proposal now pending is based.

The Senator from Utah certainly hopes that, before too long, we can review that problem, study it carefully, and, if possible, develop public opinion behind it, so that in some proper form it can be added as a weapon to the arsenal of indirect controls the Federal Reserve Board has.

Mr. BUSH. I thank the Senator.

Mr. BENNETT. Mr. President, I return to my text. Then, too, there has been an important change in the attitude of the people. No crisis can catch us as unprepared as we were in 1941 and 1950. The cold war has had one virtue—it has adjusted us emotionally to its demands as it has adjusted our productive capacity. The fact that in the face of the cold war's threat we should determine as a people to reverse the trend of the past 20 years and support our President when he acted to remove controls, the fact that we as a people can trust in the free market again, is a sound evidence that no crisis in the next few years should be able to shake us so as to produce an insistent public demand for the reimposition of police-state methods. The fact that the Senate is now considering consumer-controls legislation—even on a standby basis—indicates to me how far we are behind the people we represent and how much we have been weakened by the defeatism from the bureaucratic regimentation of the past few years. I make that as a general statement, with no personal implications.

On September 13, 1858, in a debate with Stephen Douglas at Edwardsville, Ill., Abraham Lincoln said:

Our reliance against tyranny is the love of liberty which God has planted in us.

Mr. CAPEHART. Mr. President, will the Senator yield for a question?

Mr. BENNETT. I yield to the Senator from Indiana.

Mr. CAPEHART. Is the Senator from Utah familiar with the Civil Defense Act of 1951?

Mr. BENNETT. The Senator from Utah is not particularly familiar with it.

Mr. CAPEHART. It was passed by the Congress. It gives the President almost unlimited power in a grave national emergency. For example, it says "procure, by condemnation or otherwise, construct, lease, transport, store, maintain, renovate, or distribute materials and facilities for civil defense, with the right to take immediate possession thereof."

That was a delegation of power as broad and unlimited as it is possible to delegate power to anyone. When the bill was before the Congress, I know of no one who asserted, as a matter of principle, that the power was only to be used in case of grave national emergency. The same principle has been advanced now, in an endeavor to have Congress do exactly the same thing sought by those of us who support a 90-day freeze in case of grave national emergency which is tied in with the military, and tied in with war. In such circumstances we believe the President should have power to act, and to act quickly. Why does the Senator not take the position that in the matter of civil defense the Congress could meet, decide what ought to be done, and take action? I admit there is not quite the same analogy, but there is an analogy in principle.

We are at war today in Korea. If we were not at war in Korea, no one would be thinking of controls at all. But we are at war in Korea; and until that war is settled, we must protect every segment of our economy, including civil defense, the military, and all other segments. I do not think we dare leave it as a highway with an open end, not knowing what we would do in case of a grave emergency.

I have heard much about the principle involved, and have listened repeatedly to the statement that the Congress could meet and could act. Why did we not take that position in respect to civil defense? We gave the President quite broad powers, including the power, in a grave emergency, to condemn and to take over any property and any facility in the United States. It seems to me the principle is the same.

Mr. GOLDWATER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Arizona?

Mr. BENNETT. If I may, I should first like to reply to the Senator from Indiana.

The memory of the Senator from Utah may not be completely clear, but did not our committee, during the discussion of the pending bill consider a grant of powers with respect to the right of the President to seize industrial properties, similar to the power which existed in previous versions of the Defense Production Act?

Mr. CAPEHART. We eliminated that.

Mr. BENNETT. That is correct. Therefore, in effect, the committee turned its back on the position represented by the Civil Defense Act. Is not that correct?

Mr. CAPEHART. No. What we did had absolutely nothing to do with the Civil Defense Act, which is still in existence.

Mr. BENNETT. That is correct.

Mr. CAPEHART. It was passed in 1951. It empowered the President of the United States to take over any facility in the United States in a grave emergency and to do practically anything he wanted to do; and it rightfully so provided. It conferred upon him unlimited power. I think the President ought to have such power in a grave emergency. My question is, Why do we apply that reasoning in one direction, and then say the principle is not sound when it comes to controlling prices, wages, and rent? In case of a grave emergency, if there were not such controls the effect might be to wipe out millions of Americans because prices might get completely out of line. In case of a grave emergency why should anyone object to preserving the status for a period of 90 days? Why should we not, rather, hold the line for at least 90 days, until we can ascertain how great the emergency is likely to be, and determine what we ought to do? Why should we take the chance, particularly when we are at war today, a war which tomorrow may develop into a big war? Why should we take a chance?

Mr. President, if we were not at war I would not be standing here to talk about the matter at all. But we are at war today. It was suggested yesterday that a declaration of war should be included in the pending bill. I submit we do not need it. We are at war today. We shall shortly find that we have been at war for 3 years.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. BENNETT. I yield to the Senator from Arizona.

Mr. GOLDWATER. I should like to inquire whether the Senator from Utah, at any time during the entire period of the hearings on this particular subject, ever heard a proper definition given of a grave national emergency.

Mr. BENNETT. I should prefer to withhold my answer to that question, because, as I replied to the Senator from Kansas [Mr. CARLSON], I have another presentation to make at some later time, when I would like to go into that question in detail.

Mr. GOLDWATER. I should appreciate hearing it at any time.

Mr. BENNETT. We never had a specific definition of the phrase. I am willing to admit that it cannot be reduced to specific definitions. We can still use the phrase grave national emergency, but it may be desirable to substitute other phraseology for it.

Mr. GOLDWATER. Is it not correct that any undue incident could be termed a grave national emergency, inflicting upon the business men of the country the heavy weight and the dangers of controls?

Mr. BENNETT. I think it is true that if the President in his wisdom decides that any situation is a grave national emergency, he may so declare and proceed accordingly.

Mr. CAPEHART. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. Other phraseology might have been written into the bill had we not been at war at the moment. The President would have been given the right to impose controls. But we were already at war. If we had not been at war at the moment we would have said that at the beginning of hostilities the President could do these things. We did give a great deal of thought to making the termination date of Title VIII the date of the cessation of hostilities in Korea. I would still have no objection to doing that. We thought the words "grave national emergency" were better than definitely to state in the bill that only at the beginning of hostilities could the President do these things. But we found ourselves at war. Therefore, those words would have been meaningless. We used the words "grave national emergency" because we were at war. If the war should become more widespread we would find ourselves in a squeeze. By using the word "grave" we intended that the President would not use the authority except in a very serious emergency.

Mr. GOLDWATER. Mr. President, will the Senator from Utah yield further?

Mr. BENNETT. I yield.

Mr. GOLDWATER. I should like to ask the Senator from Utah one more question. In view of the fact that it is no longer popular in this country to declare war—it seems to me that any time anyone wants us to go forth and fight, we always do it—does the Senator feel that the argument of the chairman of the committee in defending his position in not having spelled out the situation in specific language is correct? I feel that his argument is correct—that we are in a grave national emergency now, but we seem to be getting along pretty well without controls in spite of what our colleagues on the other side of the aisle may feel about it.

Mr. BENNETT. I remind the Senator from Arizona that our distinguished colleague the Senator from Virginia [Mr. BYRD] has an amendment pending which, if adopted, would define the phrase "grave national emergency" in terms of a declaration of war. So far as I am concerned, I should like to wait and debate the subject when the amendment of the Senator from Virginia is before us.

Mr. CARLSON. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. CARLSON. From the discussion, I gather that this proposed legislation will determine how much power and authority we are going to give the President of the United States. As has been mentioned by the distinguished Senator from Indiana [Mr. CAPEHART], we passed the Civil Defense Act, which seems to give unlimited power, but I remember

the debate which took place on the floor at the time the President seized the steel industry, when he thought he had power to take such action. Had it not been for the Supreme Court of the United States, he would have assumed such power.

I think it is important that we keep in mind some of the past legislation as we begin to consider further delegation of authority and power to the Chief Executive.

Mr. BENNETT. Mr. President, I should like to return to Abraham Lincoln.

On September 13, 1858, in a debate with Stephen A. Douglas at Edwardsville, Ill., Abraham Lincoln said:

Our reliance against tyranny is the love of liberty which God has planted in us. Our defense is in the spirit which prizes liberty as the heritage of all men and all lands everywhere. Destroy the spirit, and you have planted the seeds of despotism at your own door. Familiarize yourselves with the chains of bondage, and you prepare your own limbs to wear them.

We need to face this problem in the light of Lincoln's warning. With this bill we acknowledge that we have so familiarized ourselves with the chains of economic bondage that we are hereby preparing our own limbs to wear them in every time of crisis.

To summarize my second point, obviously the economic pattern will be different in each future emergency that may arise. To deny this is to deny the vitality of our economy. We cannot possibly foretell conditions with accuracy; we cannot possibly provide in advance a program that will fit them. Certainly we cannot provide one program that we can guarantee will fit any and every emergency.

Mr. CAPEHART. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. That is exactly the reason for the 90-day freeze, in order to hold the economy in status quo so that during the 90-day period Congress can decide what to do and take into consideration every facet about which the Senator is speaking. That is the reason for it. That is exactly what it does. It holds the line while Congress is doing exactly what the able Senator has been describing, taking into consideration every conceivable aspect of the matter. During the 90-day period Congress can consider conditions as they exist and consider what ought to be done. Then, it will be able to do it without pressure, knowing that the line is being held, knowing that it is not fighting against time, fearing that every day Congress is debating and deciding what to do, prices are going up and someone is saying, "Hurry, hurry, hurry." The able Senator from Utah was never any more right in his life than when he said conditions may be different. But while we are considering changed conditions we should hold the line. The Senator is making a fine argument for the 90-day provision.

Mr. BENNETT. I take the position that in the event of a future emergency Congress can pass legislation rapidly enough to make it effective.

I go back to my text.

Certainly in the face of conditions which have changed so much even since Korea, we should not attempt to re-adopt the program which we all realize now did not work effectively between January 1951, when it was finally imposed, and January 1953, when our President had the courage to relieve us of its weight. If we should attempt to fasten this discredited program on the unknown future, it seems to me that thereby we admit our interest in the program for its own sake. Time and time again during the hearings, many proponents of this bill denied that they believed in controls for their own sake. They insisted that they did not want them as a permanent thing. Yet, this bill belies their protestations. Title 8 will fasten the idea of direct consumer controls permanently into the pattern of our economy, to be called up at the will of the President. To make the chains seem lighter, we talk about limiting the President's power to use it and point out that this bill is only supposed to last for 2 years and that we are only giving him one chance in those 2 years. But, make no mistake, once passed, this pattern is permanent. Its very standby provision assures permanence. We are persuaded to adopt for the future what we reject for the present because we half believe that the future will never come.

If we adopt this program as the permanent first recourse in an emergency, we may be prevented from finding the right one to fit the needs of the times. Any program we adopt now on a standby basis is bound to be wrong. Let us avoid that mistake before we make it. Let us not accept a dormant disease germ because it is presently harmless without counting the cost of the disease it can produce when aroused.

Mr. CAPEHART. Mr. President, will the Senator from Utah further yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. How could we possibly be wrong in case of a grave emergency by simply holding the status quo? We can be wrong, possibly, if we consume the 90 days in debating what kind of legislation to pass, but we cannot possibly be wrong in a grave national emergency in saying that we are going to hold the line for a few days to see what shall be done. That is what is provided for in title VIII. We cannot possibly be wrong in that.

Mr. BENNETT. I cannot agree with that statement.

Mr. CAPEHART. The Senator cannot say we can be wrong in keeping down unnecessary price increases.

Mr. BENNETT. There might conceivably be a situation in which increased production might be more important than a temporary control of prices.

Mr. CAPEHART. The Senator was never any more correct in his life, but the purpose of this bill is to hold the line for a few days until that question can be decided. The Senator might well be 100 percent correct.

For example, as a result of the passage of the 1950 Defense Production Act, in which Congress provided for the appropriation of money to help increase

production, and to do all the things for which that act provided, our production has been increased in the last 3 years to such a point that price controls are now not needed, because, although we are carrying on the Korean war, we are at the same time supplying our civilian needs. But that came about as a result of increased production because of what Congress did in the Defense Production Act, providing for 5-year amortization certificates, lending money, increasing production, and the doing of this, that, and the other thing.

Of course, the Senator is 100 percent right in saying that we might not want to do certain things. But let us hold the line until it is decided what we want to do.

Mr. BENNETT. I would hope that the Senator from Indiana could agree that there might conceivably be a situation in which we could move in an emergency without requiring the imposition of controls. The Senator from Indiana is robbing me of the opportunity to present what I had hoped would be my "punch" line.

Mr. CAPEHART. I am sorry; I apologize.

Mr. BENNETT. I shall reread the last sentence.

STANDBY CONTROLS MAY BE A TYPHOID MARY

The third assumption, that this pattern of consumer controls, even on a standby basis, is an effective weapon against inflation, is to me the strangest of the lot. Naturally, I admit that up to this point there has been little affirmative argument on that point of view, so, to a certain extent, I am presenting my point of view in a vacuum. I disagree with the basic assumption that direct consumer controls are an effective weapon against inflation. I presented this point of view in my remarks on May 8, 1953, and shall not repeat them now except to say that I am certain every member of the committee will admit the truth of this simple fact if it is stated independently of the language of this bill.

I think I can point out many ways in which the standby idea itself is highly inflationary and, therefore, will work directly against the purpose the proponents of this bill claim for it.

First, the standby idea creates a perpetual uncertainty that will hang over the economy like a sword of Damocles and have a dangerous influence. While this uncertainty may be quiescent much of the time, it will flare up into near-panic with every international incident, every scare headline, and everyone will say to himself—"Is this the time controls will be imposed? I'd better act now and beat the gun."

Secondly, there are many people in Government and outside who like the economic power that goes with controls. Whenever they think the President might be persuaded to invoke these powers, they will join to put pressure on him to do so. They remind me of the character "Gabriel" in Marc Connelly's play "The Green Pastures."

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. Does the Senator believe that President Eisenhower, after the record that has been made in the committee and on the floor, and in a time of grave national emergency, knowing that his authority would last for only 90 days, knowing that Congress, if it wished to, could in 10 minutes, by concurrent resolution, rescind the authority, would permit some bureaucrat to talk him into invoking the 90-day freeze without its being obvious to most Americans that it was needed? The Senator really does not believe that, does he?

Mr. BENNETT. No, I do not believe it, but neither do I wish to put the President under that pressure. I think the pressure would exist.

Mr. GOLDWATER. Mr. President, will the Senator yield for a question?

Mr. BENNETT. I am happy to do so.

Mr. GOLDWATER. Does the Senator recall the President of the United States asking specifically for this power during the course of the hearings on the pending bill?

Mr. BENNETT. The President of the United States was not present at any hearings.

Mr. GOLDWATER. Did he ask for it through any of his representatives.

Mr. BENNETT. Those who came, purporting to speak for him, indicated, as I have quoted Mr. Flemming earlier, that the President would accept powers; but, so far as I know, no one asked specifically in his name that those powers be granted to him.

Mr. GOLDWATER. After having observed the President during the first 4 months of his administration, and in view of the fact that the President wishes to give back to Congress the powers which were taken from Congress by previous administrations, does the Senator from Utah feel that the President might be thinking of the Constitution, which provides that Congress shall regulate commerce between the States, when the President specifically did not ask for this proposed legislation?

Mr. BENNETT. Obviously, I have no way of knowing what was in the mind of the President, but it is my feeling that, under the Constitution, the responsibility to act rests with Congress, and that when the President said he would accept the power if it were given to him, he was in true character as President of the United States.

I become disturbed whenever I have something I think I am going to enjoy. I should like to take Senators back to Marc Connolly's play, *The Green Pastures*, and to the character Gabriel. It will be remembered that Gabriel had a horn and was told that on the Judgment Day he could blow it. That delightful prospect produced a constant temptation. He liked to take his trumpet from the hatrack and shine it on his robe. He liked to wet his lips and try the mouthpiece out with his mouth until the Lord had to say, "Now, watch yourself, Gabriel." And Gabriel said, "I wasn't goin' to blow, Lawd. I just do that every now and then so I can keep the feel of it." I think there are many people in Government who would like to get back the feel

of controls and literally live for the day when they can blow their horn like Gabriel.

Besides, there are still many people in this country who believe in controls for their own sake. We had some of them before our committee; particularly people who felt that rent control should become a permanent part of our economic pattern. People like this would welcome every opportunity to call for the imposition of the powers granted with this bill.

Moreover, the American people have a memory of price control in action. They will not soon forget the disturbances created by price controls in World War II when they realize that these may again be imposed without warning by the President and without congressional action. As I have suggested, every international incident will create its own wave of scare buying, and inflation will get another boost. For years now, the American people have looked in vain for typical up and down movement of our free market. Only lately have they been able to expect price reductions. After this bill is passed, it seems to me there will be a new force acting to resist price drops. With this threat hanging over their heads, businessmen and labor leaders will know that when the law is imposed it will penalize the man caught with his rents, prices, or wages down not only on the day the freeze is imposed but for a period of 30 days before. Remembering their past experience, they may strive always to keep prices and wages at the highest possible level, a pressure which is distinctly inflationary and which may increase with every sign of crisis.

In this and many other ways, standby controls legislation would hamper effective functioning of our free market as a control of our economy. It is a confession that the Government itself does not trust the free enterprise system. Businessmen, farmers, and labor leaders could not possibly make their plans very far in the future and operate on faith in a free market. They would have to try to out-guess the Government as well as the market.

It seems to me direct consumer controls on a standby basis are definitely inflationary.

Yesterday during the debate there was a discussion about the relative rise in price levels of the Consumer's Price Index between the time the Korean incident began and September 8, 1950, when Congress passed a price-control law, and then between September 8, 1950 and the time in January when the President invoked it.

The enactment of the price-control law in September 1950 put this law on a standby basis until January 1951. Between June 25, when the Korean conflict began, and September 8, 1950, Consumers' Price Index rose to 2.6 points, using January, 1950, as a base. That is to say, it rose about 1 point per month. From the date of passage of the act until controls were imposed by the President by means of the general ceiling price regulation on January 25, 1951, all items in the Consumers' Price Index advanced

5.5 additional index points. In other words, prices rose more than twice as much after the controls legislation was put on the books in standby form than they did even in the first flush of the scare buying that followed the beginning of the Korean conflict.

During that second period the consumer index rose twice as high as during the first.

Thus, for these and many other reasons given in my earlier talk, I consider this legislation, and particularly its standby feature, dangerously inflationary.

Mr. President, that we should ever consider such a bill as this is a serious indictment of ourselves. If we pass it, we will acknowledge that we have no faith in ourselves and that we are unworthy of the faith that the people have put in us. By so doing, we admit that in times of stress we cannot carry our constitutional responsibility and must impose it on an already overburdened Chief Executive.

Mr. CAPEHART. Mr. President, will the Senator yield to me?

Mr. BENNETT. I yield.

Mr. CAPEHART. I have exactly the opposite impression. We shall be irresponsible if we do not now decide what we are going to do, and make plans for it. I know that the Senator from Utah is a businessman. He certainly makes plans for the future? Why does he say that we ought not to plan for the future? Why does he want the emergency to strike before we decide what we are going to do? What is wrong about planning for an emergency? Why does the Senator want to wait until the emergency strikes?

Mr. BENNETT. The Senator from Indiana has made it clear during the afternoon that the bill is not a planned assault on problems of the emergency. It is simply a plan to freeze the situation so that during later consideration the problems may be faced.

Mr. CAPEHART. That is exactly what it is, but the able Senator persists in trying to convince the Senate that it is a standby control bill in all its details, when he knows that it is not.

Mr. BENNETT. The Senator from Utah has not said that.

Mr. CAPEHART. The Senator from Utah has said a half dozen times that there are those in the Senate—and I presume he means to include me—who want to retain controls permanently. He knows that that is not true. In one breath he talks about this being permanent legislation, and in the next breath he talks about something else. What is wrong with planning for the future?

Mr. BENNETT. The Senator from Utah will repeat what he said earlier. If we are in a situation in which a freeze is important, it seems to the Senator from Utah that it could be provided at the time by the Congress then sitting, just as effectively as Congress could provide it now.

Mr. CAPEHART. In a speech which the able Senator from Utah made a few days ago, and also, I believe, in direct reply to a question which I asked yesterday, he admitted that he was op-

posed to price, wage, and rent control, even during a serious emergency. At least, he says that they should be the last resort.

Mr. BENNETT. That is correct.

Mr. CAPEHART. Therefore, if the emergency were to strike tomorrow, and if I were to introduce a resolution to freeze prices, wages, and rents, the Senator would vote against it.

Mr. BENNETT. The Senator from Utah would vote on the basis of the conditions existing tomorrow. He might vote for the Senator's resolution. That is the point the Senator from Utah is trying to make. The Congress in session at the time can act with the necessary speed.

Mr. CAPEHART. The Senator is opposed to price, wage, and rent controls at any time, and he has so stated. Therefore, even though an emergency were to strike tomorrow, and no such legislation were in existence, if I were to introduce a resolution to bring about a freeze for 90 days, the Senator from Utah would be opposed to it. He would debate it, argue against it, and insist on hearings, involving many days of delay.

Mr. BENNETT. Mr. President, we have gone over this ground three or four times. I think our previous colloquy clearly represents the point of view of the Senator from Indiana, as well as my own point of view.

Mr. President, I am very anxious to conclude this speech. I am within sight of the end. I now return to my text.

The Senator from Utah feels that by enacting the proposed legislation now we admit that in times of stress we cannot carry our constitutional responsibility and must impose it on an already overburdened Chief Executive. In time of great crisis the President has the problems of the crisis; and if it is a crisis of war, as Commander in Chief, he has all those problems to face. We also admit that we have no faith in the men of the future who may be in the Senate when a crisis comes, so we try to bind them now to use our discredited program. When we move to fasten direct consumer controls permanently on our economy on a standby basis—

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. The Senator knows that that is not a true statement, because it is only for 90 days. Ninety days is not "permanently."

Mr. BENNETT. The Senator will be glad to amend that sentence.

Mr. CAPEHART. I should think the Senator would want to amend it, in order to be fair and factual.

Mr. BENNETT. It seems to the Senator from Utah—

Mr. CAPEHART. The Senator from Utah has repeatedly made that statement. This is the first time I have called his attention to it. Ninety days is not "permanently."

Mr. BENNETT. The Senator from Utah has the feeling that if we enact the proposed legislation now, with the idea that whenever a crisis occurs in the future we are to have a freeze which will control prices, wages, and rents for

30, 60, or 90 days, that entire concept becomes a permanent part of our economy. Probably my use of words did not make that clear.

Mr. CAPEHART. I think such a program ought to be in effect so long as we are at war in Korea. So long as American boys are dying in battle, I think we ought to be interested in protecting their families back home against undue rises in prices and against inflation. That is one reason why I am for this proposed legislation. I think the lives of American boys are just as important as material prices.

Mr. GOLDWATER. Mr. President, will the Senator yield for a question?

Mr. BENNETT. I yield.

Mr. GOLDWATER. Does the Senator from Utah feel now, or has he ever felt, that title VIII of Senate bill 1081 would accomplish what the distinguished chairman just said it would accomplish, namely, control inflation?

Mr. BENNETT. The Senator from Utah made a speech last Friday more or less on that subject, and, as he has indicated, he hopes at a later time, when we reach the point of specific consideration of the language of the bill, to discuss it from still another point of view.

For the sake of my long-suffering colleagues in the Senate, I hope I can reach the end of the next page.

Mr. GOLDWATER. Mr. President, will the Senator yield for one further question?

Mr. BENNETT. I yield.

Mr. GOLDWATER. Does the Senator from Utah feel that the Senate has ever approached the problem of inflation from the proper angle? Does he not feel that in attempting to enact title VIII of Senate bill 1081 we are only attempting to correct a result, and that we have never yet tried to determine the cause of inflation and attempted to do something about it?

Mr. BENNETT. The Senator from Arizona made a very long, and I think effective, presentation of his point of view on that subject, with which the Senator from Utah is in practically complete agreement. But the Senator from Utah would not like to make the categorical statement that the Senate has never approached the problem of the solution for inflation. This is all a part of the process by which we educate ourselves with respect to the problem of inflation.

Mr. GOLDWATER. The Senate probably has attacked the problem of inflation. In fact, the suggestion was made on the floor yesterday that we take steps to cause a little more inflation by having the Federal Reserve bolster the prices of Government bonds.

Mr. BENNETT. Mr. President, the Senator from Utah is in sight of the finish line. I hope my colleagues, for their own sakes, will allow me to reach it.

I return to my text.

The Senator from Utah feels that when we adopt the standby idea we admit that we have no faith in our free-enterprise system. When we adopt the standby idea we create a new inflationary force which nullifies the efforts of the new administration to move with cour-

age against inflation and makes a mockery of our protestation of fiscal responsibility.

As I bring this argument to an end, may I close by quoting from a treatise titled "Standby Controls," written by F. A. Harper and published this spring by the Foundation for Economic Education, Inc. I recommend this treatise as "must" reading for every Senator before he votes on this bill. I think the meat of Mr. Harper's argument is contained in these paragraphs:

The most kindly charge that can be made against one who favors standby controls for emergencies, it seems to me, is that he does not understand the workings of a free market and that he lacks confidence in the performance of free men working with private property in a voluntary exchange economy. And if that be his belief, why does he not propose Government controls of everything, all the time? Why not use the "strength" of controls all the time, not just in emergencies?

Standby controls? For what? Not, to be sure, for the purpose of either productive efficiency or justice. Not to maximize trade, nor to balance distribution so that shortages and surpluses will disappear. Not to further the freedom of men in this land which we claim will be the last bastion of freedom in the world struggle in which we are now engaged.

To enact standby controls would mean putting into the law of the land permanent endorsement of a basic tenet of socialism—the principle that control of the vital mainstreams of commerce and confiscation of the rights of private property are sound and just practices. A nation of freedom cannot enact even standby controls and remain basically free.

In an earlier speech, I challenged the whole validity of the concepts on which this bill for direct consumer controls rests. Today I have tried to point out the dangers inherent in the standby idea. In another presentation, if convenient, I shall try to show that title VIII of the bill is not the freeze that it is represented to be by its proponents, but is a transference to the President of greater economic powers than any other President has ever had. I hope you will share my alarm and will vote to reject title VIII of this bill and the whole concept of standby controls.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. The Senator from Utah has stated that the bill grants greater powers than the President has ever heretofore been given. I would respectfully say that the bill provides no greater powers than those which are now in existence. The Senator knows that to be the fact. They are exactly the same powers.

Mr. BENNETT. If the Senator from Indiana is referring to section 802, the Senator from Utah will agree with him that the language is the same.

Mr. CAPEHART. The 1950 Defense Production Act gave the President the standby right to control prices, wages, and rents, and to do other things as well. That power was given the President for 12 months, not for 90 days, as is provided in the pending bill. The Senator from Utah quoted a poem. The Senator knows that we are not talking

about permanent standby controls. We are talking only about a 90-day freeze, with such a freeze to be put into effect only in a grave emergency, in which the Government would have to take the production of America for military use to such a large extent that there would not be sufficient material left for 160 million Americans, thus making it necessary to put into effect controls on prices and on wages and on rents, and on everything else. The Senator from Utah knows that is all we are talking about.

I have stated no less than 200 times during the hearings that all we are talking about is a grave national emergency, in which the military would need such a large percentage of various categories of goods and materials that in order to make it possible for them to get what they need there would not be sufficient left over for the civilian population.

When that sort of situation arises the law of supply and demand does not work, and the country is faced with a grave emergency. Under those conditions I do not believe anyone in America would argue that the Government would not have to allocate materials and control prices. For example, if we cut down a manufacturer of automobiles to one-half of his present production because the Government needs the materials which go into the manufacture of automobiles, he would have only half as many automobiles to sell as he has for sale today. The Senator from Utah is a businessman. Surely he will not tell me that the price on the remaining half of the automobiles would not skyrocket. The Senator from Utah knows that to be a fact, because he is a businessman. He knows that under those circumstances the Government would have to control the price of automobiles, and likewise probably would have to allocate the distribution of the automobiles.

Mr. President, let us not fool ourselves. Let us put our cards on the table and discuss the bill as it ought to be discussed. We are not talking about anything except a grave national emergency, in which the Government would have to take over vast quantities of materials. That is all we are referring to. Under any other circumstances I am 1,000 percent opposed to controls; I always will be and always have been.

Mr. President, let us not get off the subject, and try to make people believe we are talking about something that we are not talking about. We are talking only about a 90-day freeze under the conditions which I have described.

Mr. SCHOEPPEL. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. SCHOEPPEL. Mr. President, if the Senator from Utah will yield for an observation, I should like to say that in my opinion the Senator from Utah has made an excellent presentation of some very fundamental approaches to the problem under discussion. I want him to know that the senior Senator from Kansas appreciates the viewpoint expressed by the Senator from Utah. I well recall, as a member of the Committee on Banking and Currency, of which

the distinguished Senator who has just finished speaking is now a member, that we had on many occasions to listen to witnesses who pointed out, as the Senator from Utah has done, features of the bill which would be injurious to the economy of the country.

When the Senator from Utah suggests some of the pitfalls incident to such a solution of the problem as is proposed, I think he is rendering a great service, not only to the Members of the Senate, but to the people of the country. I wish to commend him for his speech.

I believe the Senator has spotlighted an important point. We found in the committee that when there was in effect a standby law which could be invoked, people invariably would readjust their activities—to what? They would readjust their activities so as to get themselves into the most advantageous position possible.

As I viewed it, such an approach was injurious to the entire economic situation, in circumstances such as those in which we now find ourselves, or in any emergency.

I commend the Senator from Utah for his excellent portrayal of what he believes, and in his views I concur.

Mr. BENNETT. The Senator from Utah deeply appreciates the remarks of the Senator from Kansas.

Mr. GOLDWATER. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I should like to yield the floor, so that my colleague, the Senator from Connecticut [Mr. Bush] may proceed.

Mr. GOLDWATER. Mr. President, will the Senator from Utah yield for one question?

Mr. BENNETT. Gladly.

Mr. GOLDWATER. If the 90-day freeze order were put into effect, does the Senator believe it would ever be removed from the books? Does the Senator recall the passage of rent control legislation, 11 years ago, I believe, as an emergency measure?

Mr. BENNETT. Yes.

Mr. GOLDWATER. It was stated at the time that it would last only for a year or two years, or perhaps for the duration of the emergency. Does the Senator realize that the emergency still exists, and that we still have rent control with us, and that it was extended only a short time ago?

Mr. BENNETT. The Senator from Utah also realizes—and I think this is a perfectly fair statement—that there are people in the United States who are disturbed by the fact that Federal rent control will soon expire and hope that the States will exercise the power to control rents, so that the rent control policy may be extended indefinitely into the future.

Mr. President, the Senator from Utah now yields the floor.

Mr. BUSH. Mr. President, before I speak I wish to say to the Senator from Utah that the Senator from Kansas joins in complimenting him very sincerely upon his very able presentation, made both previously and today, in connection with this general subject. I can very easily associate myself with most of

what he said, in fact, with about 95 percent of it.

I also compliment him upon the fact that all through the long hearings in connection with the pending bill he developed points with great ability, to the great advantage of the committee.

Probably more than any other Senator he was responsible for getting out of the way another bill, also a standby control bill, which would have stockpiled bureaucrats, as I believe he himself stated it. He had a profound effect on the deliberations of the committee. I am therefore very happy, before proceeding with my remarks, to make this acknowledgement and to pay my compliments to him.

Mr. President, I ask unanimous consent that I may yield 10 minutes to the Senator from Michigan [Mr. Ferguson] without losing my right to the floor so that the Senator from Michigan may ask some questions of the chairman of the committee.

The PRESIDING OFFICER (Mr. Duff in the chair). Is there objection? The Chair hears none, and the Senator from Michigan may proceed.

Mr. FERGUSON. Mr. President, I should like to ask some questions of the chairman of the committee, the Senator from Indiana.

Mr. CAPEHART. Certainly.

Mr. FERGUSON. The first question is, Does the pending bill provide for roll-backs?

Mr. CAPEHART. I assume the Senator from Michigan is referring to title VIII; is that correct?

Mr. FERGUSON. Yes.

Mr. CAPEHART. I assume that under title VIII there might be some instances in which the President could roll back prices. Of course that title gives the President the power to freeze prices, wages, and rents at the levels existing on the day preceding the day when he freezes them; or, if prices were not generally representative on that day, the President could select a day as far back as 30 days before the freeze, or if no price existed within that 30-day period, he could freeze them at the nearest representative date.

Mr. FERGUSON. If in some instances the President would be empowered to roll back prices, then let me state the matter this way: Section 801 (a) of the bill reported by the committee would grant the President three alternatives to establishing prices, wages, and rents, that is, at the levels prevailing as of the close of business on the day preceding the freeze "or those prevailing on the nearest date during the preceding 30 days on which, in the judgment of the President, they are generally representatives, or if none prevailed during such 30-day period, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative."

I have just read from line 25, on page 23, and lines 1 through 5, on page 24 of the bill as reported from committee.

The committee report, on page 28, makes it clear that the words "generally representative" mean that the prices must be also "fair and equitable."

Mr. CAPEHART. They should be fair and equitable to the seller.

Mr. FERGUSON. That is what I wanted to emphasize.

I do not believe the committee intended to grant to the President the power to roll back prices to those prevailing on any preceding date on which the President would find that prices, wages, rents, and so forth, were "generally representative," if by "generally representative" is mean "representative, fair, and equitable."

The committee report sets forth some cogent reasons why the President should be permitted to establish prices as of a date preceding the "business day next preceding the day on which the action is taken." The date selected should be "generally representative" of the price structure of the seller on whom the ceilings are to be imposed, and should not involve a collateral determination of their being "fair and equitable."

That would mean that the exercise of this power would involve a wide area of administrative discretion.

In its amendments of the Defense Production Act in 1951, the Congress sharply limited the power of the President to roll back prices.

The language of the bill reported by the committee should be amended, I believe, so as to eliminate—or at least the Senator from Indiana, as chairman of the committee, should make a statement which would eliminate—all ambiguity from the construction of the bill, in order to make it clear that the President's power to select a date other than the date preceding the executive order should be limited to a date on which, in the discretion of the President, the price structure was generally representative as to the seller and others on whom ceilings are to be imposed.

Is that correct?

Mr. CAPEHART. That is right, yes.

Mr. FERGUSON. So it is not intended to give the President the power to roll back prices, wages, rents, and so forth; is that correct?

Mr. CAPEHART. It is not intended to give that power. The President would not roll them back. He would select the business day before the day when the freeze occurred; or if there were no representative transaction on that day, he could select a previous day within 30 days, and could use the price the individual seller was using on that day; and that is all. If no price prevailed during the 30 day period, he could go back to the nearest date on which a representative price did prevail.

Mr. FERGUSON. Very well. I think that makes it clear that the President would not be given the power to roll back.

Mr. CAPEHART. The bill never was intended to do other than to give the President the power to select a representative day.

Mr. FERGUSON. And that is intended to be a day that is representative for the seller; is that correct?

Mr. CAPEHART. That is right.

Mr. FERGUSON. Section 801 (a) provides that ceilings on prices, wages, rents, and so forth, shall be established

simultaneously by Executive order "at the levels prevailing as of the close of business."

Those words appear in lines 23 and 24, on page 23.

The word "levels" does not appear in the price-control provisions of the act now in existence. The word seems to me to be vague, indefinite, and subject to a variety of interpretations. It does not specify the basis of classification for the purpose of determining levels. It may suggest an averaging of prices between producers of the same commodities—between efficient and inefficient producers; between high-cost and low-cost producers. It could, therefore, suggest price, wage, and rent increases, as well as decreases.

It may even suggest the establishment of prices which would produce a "fair" rate of return on investment of all producers in any given class. As a matter of fact, the use of the word "levels" negates the concept of a freeze with respect to specific prices, wages, rents, and so forth. The exercise of this power would involve a wide area of administrative discretion which would not possibly be exercised within the 90-day freeze period contemplated by the bill.

So, Mr. President, would the Senator from Indiana accept an amendment to change the—

Mr. CAPEHART. Mr. President, I do not think an amendment is needed, because we are referring to individual levels of individual sellers; that is all—period.

Mr. FERGUSON. Yes. Instead of the word "levels," I wonder whether the Senator from Indiana would accept the word "those," so that the bill would read "those prevailing as of the close of business," and so forth. In that way the provision would be made clear.

Mr. CAPEHART. I would have no objection to such an amendment. Offhand I do not think it would change the meaning of the bill; but if it would improve the bill, I would have no objection to the amendment, because the reference in the bill now is meant to apply to the individual levels of the individual sellers.

Mr. FERGUSON. Would the Senator from Indiana accept such an amendment?

Mr. CAPEHART. I would have no objection, when the time comes to offer amendments.

Mr. FERGUSON. Mr. President, I have several other questions to ask, but I have been allowed only 10 minutes in which to proceed at this time, so I shall suspend now.

Mr. CAPEHART. I do not think such an amendment is necessary; but if the Senator from Michigan insists upon it, I have no objection. What is meant is the individual levels of the individual sellers.

Mr. FERGUSON. Yes.

The PRESIDING OFFICER. The Senator from Michigan has 3 minutes remaining.

Mr. FERGUSON. I thank the Chair. However, I have several other questions to ask, and I am afraid that I could not conclude them within 3 minutes. Therefore I shall suspend at this time, and later shall seek the floor in my own right.

Mr. BUSH. Mr. President, a little while ago I referred to the 5 percent area of disagreement which I may have with the Senator from Utah [Mr. BENNETT]. Of course that has to do with title VIII of the pending bill.

The entire controversy over Senate bill 1081 appears to center upon title VIII. It is important that we recognize what that title of the bill would do, and it is equally important that we recognize clearly what it would not do.

It would not impose ceilings on prices, wages, and rents in peacetime, or in any period such as the present, when, in the words of President Eisenhower, we are "living in an international situation that is neither an emergency demanding full mobilization, nor is it peace."

It would not strip from the Congress the authority to determine what measures would be necessary to keep our economy stable, should we find ourselves plunged into world war III or into another "Korea" or into a comparable period of grave national emergency.

It would not create an elaborate organization of "standby" agencies, with large staffs—"a stockpile of bureaucrats," as one Senator put it.

It would not remain law indefinitely, but only for a period of 90 days at the very most.

It would not solve the problem by itself. It would only begin to deal with it. But it would force a beginning.

Mr. President, I say it is important that we recognize what title VIII would not do, because I know that many other Members of the Senate, like myself, have a deep abhorrence of the use of direct economic controls, except in times when our national security is definitely threatened.

What, then, would title VIII do?

It would authorize the President to invoke a 90-day freeze on prices, wages, and rents, "whenever," in the language of the bill, "he shall find and declare that a grave national emergency exists, and that the exercise of such authority is necessary in the interest of national security and economic stability."

The whole philosophy of the Eisenhower administration guarantees that the President will not invoke these powers frivolously. We may be sure they will be used only when the national security is at stake.

It should be noted that the maximum period during which the freeze could be in effect would be 90 days; that the Congress may terminate the freeze at any earlier time it may decide; that the extraordinary powers granted to the President may be exercised once, and only once; and, finally, that a termination date requires reconsideration of this whole question by the next Congress.

This is stopgap legislation, Mr. President, if you will, intended to safeguard us through the coming months of world tension. Like our defense mobilization plans, it is insurance against disaster—insurance that we shall not be caught wholly unprepared.

The purpose of the title is to give to the President the minimum authority he will need to keep the economy as stable as possible until the Congress has an

opportunity to act. We who support this proposal recognize full well that ceilings on prices, wages, and rents are ineffective in themselves. I agree with much that the Senator from Utah said in that connection. But, with ceilings in effect temporarily at the outbreak of a grave national emergency, inflationary forces may be held in check until a combination of controls, direct and indirect, may be developed by Congress, if needed.

In the scramble for goods which surely will accompany an emergency of the kind we have in mind, it is always the little fellow who gets hurt—the small-business man, the teacher, the public servant, the housewife, the average consumer. With inflation, the rich get richer and the poor get poorer.

It is to help guard against this unfairness—and to benefit all taxpayers by making sure that spiraling prices do not add heavily and unnecessarily to the cost of war—that we propose a 90-day freeze until Congress can strike against the root causes of inflation. The ultimate authority remains with Congress. We seek only to make certain that Congress shall have the best possible opportunity to act effectively.

I have referred to the proposed powers of the President as extraordinary. Why did the majority of the Banking and Currency Committee, by a vote of 12 to 3, after exhaustive hearings on the question, propose to give the President of the United States any such extraordinary powers?

Mr. President, to answer that question, we must face up to the kind of world in which we live. It is a world in which we yearn and strive for peace; yet no man among us can safely predict that we shall achieve it.

I have referred to President Eisenhower's description of the international situation as neither an emergency demanding full mobilization, nor yet peace. We are in a sort of twilight zone. We know not yet whether that twilight will be followed by a black night of storms—a night of the awful atomic destruction of the third world war we dread so much—or whether we shall pass through a long night of unrest, to see eventually the dawn of an era of real peace and real security for all the world.

We know the aspirations of the United States. As President Eisenhower so eloquently stated them in his inspiring address before the American Society of Newspaper Editors last April 16, we aspire to this:

The lifting, from the backs and from the hearts of men, of their burdens of arms and of fears, so that they may find before them a golden age of freedom and of peace.

However noble our own aspirations, we and our allies alone cannot guarantee peace. In his address before the newspaper editors, President Eisenhower asked, "What is the Soviet Union ready to do?" We do not know the answer. We know, however, that the fighting continues in Korea. It continues to spread in southeast Asia. The Middle East is uneasy, unsettled. The Secretary of State, accompanied by Mr. Stassen, has

gone to that area. It is the first time in the history of our country that a Secretary of State has visited the Middle East and the Far East.

We know that Soviet protestations of peaceful intentions must be scrutinized with wary skepticism. And we know that the evil successors of Stalin in the Kremlin have it within their power to unleash a new "Korea" on the world, or on us, or to trigger world war III, with all its terrible consequences.

In such a state of world affairs, we must continue to prepare for the worst, while hoping for the best. We are preparing in other fields. We are straining our economy to provide an adequate defense for ourselves and our allies in the free world. We have drafted—and are continuing to draft—the flower of our young manhood to fight in Korea, and to man our outposts elsewhere on the globe. As we are thus preparing, so should we prepare to begin promptly the fight on inflation and its damaging effects upon our economy, which would inevitably accompany the outbreak of a new, grave national emergency.

Mr. President, some of those who oppose title VIII contend that it is unnecessary, because, should such an emergency arise, Congress could act quickly enough to meet it.

That argument ignores the fact that Congress may not be able to meet quickly because of a paralysis of the Nation as the result of an atomic attack. It also ignores past history.

We have never had a greater national emergency than that which occurred in the period immediately following the attack upon Pearl Harbor, December 7, 1941. Yet, Congress moved at a snail's pace in authorizing ceilings and controls at that time. It was 6 months before a bill was adopted, and 9 months before effective regulations were in operation. In the meantime, the inflationary spiral had gained much momentum, and much damage was done.

The attack on Pearl Harbor occurred 12 years ago; Korea may be fresher in our memories. The invasion of Korea took place on June 24, 1950. It was not until September 8, 1950, that we had a law providing for ceilings—an elapse of 75 days. Congress, I assume, moved at that time as rapidly as it could, but the inevitable delay in the legislative process was followed by more—and less excusable—delays on the part of the former administration. It was not until January 26, 1951, 7 months after the invasion, that a price freeze was made effective.

What were the consequences? I quote from page 12 of our committee report:

The cost of inflation during fiscal 1951 to the Department of Defense alone was estimated at \$7 billion. The consumers of this country had to pay an estimated eighteen to twenty billion dollars more for the goods and services they bought because of the price increases which took place between the outbreak of hostilities in Korea and the date of the issuance of the general ceiling price regulation on January 26, 1951.

Mr. President, the lesson of history in this case is clear. We must not let ourselves get caught unprepared again.

There has been some discussion as to whether or not the administration wants the authority we would confer. To my mind, that is irrelevant, for we in the Congress bear the primary responsibility for writing legislation to safeguard our Nation against disaster.

Since the point has been raised, however, I will say that it is my firm belief that this legislation would be welcomed by the President and his principal advisers.

Mr. Arthur S. Flemming, Acting Director of the Office of Defense Mobilization, testified that the Eisenhower administration is keenly aware of the necessity of planning against inflation. He stated that title VIII would be acceptable to the administration. An examination of the testimony of Cabinet officers who appeared before our committee indicates clearly that while the administration would not in any way attempt to force this legislation upon the Congress, it would welcome this addition to its arsenal of weapons against inflation. In effect, the Eisenhower administration has told us that it is our responsibility.

Mr. President, I believe that it is our duty to accept that responsibility. We have no faith that price and wage ceilings can deal with inflation by themselves. I have no more faith in them than has my distinguished friend from Utah [Mr. BENNETT] or my distinguished friend from Arizona [Mr. GOLDWATER].

When inflation becomes a serious danger, we must have sound fiscal and monetary measures to take the pressure off—restrictions on consumer credit and real estate credit, a realistic tax policy, strong inducements to savings. In short, we must restrain civilian spending when we are forced, in an emergency situation, to devote a lion's share of our production to war purposes.

Price and wage ceilings can serve a useful temporary purpose—only that. They can keep the lid on inflation until these other measures have had time to take the pressure off the lid.

For that reason, I think we will decide wisely if we grant to the President the limited and temporary authority proposed in title VIII. We will be giving the administration a small weapon, but, indeed, a weapon against inflation it will need, and need badly, should we find ourselves in another period of grave national emergency.

Mr. CAPEHART. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. CAPEHART. The Senator from Connecticut made reference to the purchase of materials and their increased cost—

Mr. BUSH. I recall that a bill was introduced to give persons a chance to express their thoughts concerning a type of standby control bill. I made reference to it only in connection with the statement of the Senator from Utah [Mr. BENNETT], who is very strongly opposed to it.

The PRESIDING OFFICER (Mr. CARLSON in the chair). The question is on agreeing to the committee substitute as modified by the committee.

*Showing Committee Amendments
As Modified*

Calendar No. 138

83D CONGRESS
1ST SESSION

S. 1081

[Report No. 138]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 25, 1953

Mr. CAPEHART (for himself, Mr. MAYBANK, Mr. BEALL, Mr. BUSH, Mr. DOUGLAS, Mr. FREAR, Mr. FULBRIGHT, Mr. IVES, Mr. LEHMAN, Mr. PAYNE, Mr. ROBERTSON, and Mr. SPARKMAN) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

APRIL 10 (legislative day, APRIL 6), 1953

Reported by Mr. CAPEHART, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

MAY 13 (legislative day, MAY 12), 1953

Ordered printed showing the committee amendment as modified

A BILL

To provide authority for temporary economic controls, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Defense Production Act of 1950, as amended, is
4 amended by adding at the end thereof the following new
5 title:

1 ~~"TITLE VIII—TEMPORARY EMERGENCY PRICE,~~
2 WAGE, AND RENT CEILINGS

3 "SEC. 801. In spite of substantial increases which have
4 occurred since the outbreak of the conflict in Korea, prices
5 are now generally in normal relationship and the economy
6 as a whole is relatively stable. It is the sense of the Con-
7 gress that this stability can be maintained by the full and
8 effective use of indirect controls barring unanticipated and
9 adverse international developments. There is, however, the
10 ever present possibility of further Communist aggression
11 which may seriously jeopardize the American economic
12 system unless proper safeguards exist for the immediate
13 imposition of certain economic controls. The necessity for
14 such safeguards is emphasized by the speedily destructive
15 force of modern warfare which allows no delay in the
16 taking of Executive action to insure the preservation of the
17 well-being of the economy. The purpose of this title is to
18 provide a basis for the imposition of price, wage, and rent
19 controls for a temporary period in the event serious economic
20 dislocations develop which threaten the national security
21 or welfare.

22 "It is the sense of the Congress that direct economic
23 controls are incompatible with the American free enterprise
24 system and should be invoked only if an emergency arises
25 serious enough to threaten the economic well-being or

1 security of the United States. However, if such an
2 emergency should develop the President must have the
3 power to employ immediate economic controls for such rea-
4 sonable period of time as will give Congress an opportunity
5 to act.

6 “SEC. 802. There is hereby established a National Ad-
7 visory Council composed of members to be appointed by the
8 President, by and with the advice and consent of the Senate.
9 The membership shall be representative of business and in-
10 dustry, agriculture, labor, the military, and consumers. The
11 President shall designate a Chairman from among the mem-
12 bers. Such Council shall, upon request, advise the President
13 on general policies relating to economic mobilization, in
14 addition to performing the functions prescribed elsewhere in
15 this title. Each member may receive compensation not in
16 excess of \$50 per diem for each day he is actually engaged
17 in the performance of his duties as a member, and, while
18 away from his home or regular place of business, he may be
19 allowed transportation and not to exceed \$15 per diem in
20 lieu of subsistence and other expenses while so employed.
21 The members shall, in respect to their functions on the Coun-
22 cil, be exempt from the operation of sections 281, 283, 284,
23 434, and 1914 of title 18 of the United States Code, section
24 412 of the Mutual Defense Assistance Act of 1949, and sec-
25 tion 190 of the Revised Statutes (5 U. S. C. 99).

1 “SEC. 803. (a) The President is authorized and di-
2 rected, after consulting the National Advisory Council,
3 whenever he shall find and declare that the exercise of such
4 authority is necessary in the interest of national security
5 or economic stability, to establish by Executive order ceilings
6 on (1) the price, rental, commission, margin, rate, fee,
7 charge, or allowance paid or received on the sale or delivery,
8 or the purchase or receipt, by or to any person, of materials
9 and services, (2) wages, salaries, and other compensation
10 paid or received with respect to employment, and (3) rents
11 paid or received for the use or occupancy of housing accom-
12 modations, at the levels prevailing as of the close of business
13 on the business day next preceeding the day on which the
14 action is taken, or, if none prevailed on such day, then those
15 prevailing on the nearest date on which, in the judgment of
16 the President, they are generally representative. All ceil-
17 ings established under this title shall terminate ninety days
18 after the issuance of such order, or at such earlier time as
19 Congress may by law provide, and the authority conferred
20 by this title to establish ceilings shall not thereafter be
21 exercised.

22 “(b) The President may provide exemptions from ceil-
23 ings in the case of any materials or services or transactions
24 therein, or types of employment, or housing accommodations
25 of any class or in any area, if he finds that (1) such exemp-

tion is necessary for national defense, or ~~(2)~~ the imposition of such ceilings would be impracticable or unnecessary in order to effectuate the purposes of this title.

“(c) Notwithstanding any other provision of this section, the President may exercise any authority granted to him by this title without prior consultation with the National Advisory Council in the event a state of war exists.

“SEC. 804. The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of this title. Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to the recovery of possession) in connection with any housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this title.

“SEC. 805. (a) Regardless of any obligation heretofore or hereafter entered into, it shall be unlawful—

“(1) for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or to demand, accept, receive, or retain any rent for the use or occupancy of any housing accommodations, or otherwise to do or omit

1 to do any act, in violation of this title or any regulation,
2 order, or requirement issued thereunder, or to offer,
3 solicit, attempt, or agree to do any of the foregoing; or
4 “(2) for any employer to pay, or any employee
5 to receive, any wage, salary, or other compensation in
6 contravention of any regulation or order promulgated
7 by the President under this title.

8 The President shall prescribe the extent to which any pay-
9 ment (including any wage, salary, or compensation pay-
10 ment), either in money or property, made in contravention
11 of any such regulation, order, or requirement shall be disre-
12 garded by the executive departments and other governmental
13 agencies in determining the costs or expenses of any person
14 for the purposes of any other law or regulation, including
15 bases in determining gain for tax purposes.

16 “(b) Any person who willfully violates any provision
17 of this section shall, upon conviction thereof, be subject to a
18 fine of not more than \$10,000 or to imprisonment for not
19 more than one year, or both.

20 “SEC. 806. Nothing in this title shall be construed to
21 require any person to sell any material or service, or to
22 offer any housing accommodations for rent, or to perform
23 personal services.

24 “SEC. 807. As used in this title—

25 “(a) The term ‘rent’ means the consideration, includ-

1 ing any bonus, benefit, or gratuity, demanded or received
2 for or in connection with the use or occupancy of housing
3 accommodations, or the transfer of a lease of housing accom-
4 modations.

5 “(b) The term ‘housing accommodations’ means any
6 building, structure or part thereof, or land appurtenant
7 thereto, or any other real or personal property rented or
8 offered for rent for living or dwelling purposes (including
9 houses, apartments, rooming or boarding house accommoda-
10 tions, and other properties used for living or dwelling pur-
11 poses) together with all privileges, services, furnishings,
12 furniture, and facilities connected with the use or occupancy
13 of such property.

14 “SEC. 808. This title shall become effective on May 1,
15 1953.”

16 SEC. 2. (a) Subsection (a) of section 717 of the De-
17 fense Production Act of 1950, as amended, is amended by
18 inserting before the period at the end thereof a semicolon
19 and the following: “and title VIII of this Act and all
20 authority conferred thereunder shall terminate at the expira-
21 tion of ninety days after the President proclaims that the
22 existing international emergency requiring the involvement
23 of armed forces of the United States in actual hostilities in
24 the Korean conflict has ended”.

1 ~~(b)~~ Subsection ~~(b)~~ of such section 717 is amended by
2 adding at the end thereof the following:

3 ~~(4)~~ Sections 702, 703, 705, 706, 707, 710, 711, 713,
4 715, and 716 of this Act shall continue in effect until the
5 expiration of title VIII of this Act; except that section 705
6 shall not become operative until the President establishes
7 ceilings on prices, wages, and rents under title VIII."

8 *That this Act may be cited as the "Defense Production and*
9 *Temporary Controls Act of 1953".*

10 SEC. 2. Section 2 of the Defense Production Act of
11 1950, as amended, is amended to read as follows:

12 "DECLARATION OF POLICY

13 "SEC. 2. It is the policy of the United States to oppose
14 acts of aggression and to promote peace by insuring respect
15 for world law and the peaceful settlement of differences among
16 nations. To that end this Government is pledged to support
17 collective action through the United Nations and through
18 regional arrangements for mutual defense in conformity with
19 the Charter of the United Nations. The United States is
20 determined to develop and maintain whatever military and
21 economic strength is found to be necessary to carry out this
22 purpose.

23 "In spite of substantial increases which have occurred
24 since the outbreak of the conflict in Korea, prices are now
25 generally in normal relationship and the economy as a whole

1 is relatively stable. It is the sense of the Congress that this
2 stability can be maintained by the full and effective use of
3 indirect controls barring adverse international developments.

4 “However, defense production now requires a limited
5 diversion of certain materials and facilities from civilian
6 use to military and related purposes. It requires expansion
7 of productive facilities beyond the levels needed to meet the
8 civilian demand.

9 “Moreover, there is the ever-present threat of further
10 Communist aggression which may seriously jeopardize the
11 American economic system unless proper safeguards exist
12 for the imposition of certain economic controls in the event
13 of a grave national emergency. The necessity for such safe-
14 guards is emphasized by the speedily destructive force of
15 modern warfare which allows no delay in the taking of
16 Executive action to insure the preservation of the well-
17 being of the economy. This Act provides a basis for the
18 imposition of price, wage, and rent controls for a temporary
19 period in the event serious economic dislocations develop
20 which threaten the national security or welfare.

21 “It is the sense of the Congress that direct economic
22 controls are incompatible with the American free enterprise
23 system and should be invoked only if an emergency arises
24 serious enough to threaten the economic well-being or security

1 of the United States. However, if such an emergency should
2 develop the President must have the power to employ im-
3 mediate economic controls for such reasonable period of
4 time as will give Congress an opportunity to act.”

5 SEC. 3. Section 101 of the Defense Production Act
6 of 1950, as amended, is amended to read as follows:

7 “SEC. 101. (a) The President is hereby authorized (1)
8 to require that performance under contracts or orders (other
9 than contracts of employment) which he deems necessary
10 or appropriate to promote the national defense shall take
11 priority over performance under any other contract or
12 order, and, for the purpose of assuring such priority, to
13 require acceptance and performance of such contracts or
14 orders in preference to other contracts or orders by any
15 person he finds to be capable of their performance, and (2)
16 to allocate materials and facilities in such manner, upon such
17 conditions, and to such extent as he shall deem necessary
18 or appropriate to promote the national defense.

19 (b) The powers granted in this section shall not be
20 used to control the general distribution of any material in the
21 civilian market unless the President finds (1) that such
22 material is a scarce and critical material essential to the
23 national defense, or (2) that the requirements of the national
24 defense for such material cannot otherwise be met without

1 *creating a significant dislocation of the normal distribution*
2 *of such material in the civilian market to such a degree as*
3 *to create appreciable hardship.”*

4 *SEC. 4. Section 104 of the Defense Production Act of*
5 *1950, as amended, is hereby repealed.*

6 *SEC. 5. Subsection (a) of section 301 of the Defense*
7 *Production Act of 1950, as amended, is amended by striking*
8 *out “, or in connection with or in contemplation of the*
9 *termination,” and by inserting before the period at the end*
10 *thereof a comma and the following: “or for the purpose of*
11 *financing any contractor, subcontractor, or other person in*
12 *connection with or in contemplation of the termination, in the*
13 *interest of the United States, of any contract made for the*
14 *national defense; but no small-business concern (as defined*
15 *in section 714 (a) (1) of this Act) shall be held ineligible*
16 *for the issuance of such a guaranty by reason of alternative*
17 *sources of supply”.*

18 *SEC. 6. Subsection (b) of section 303 of the Defense*
19 *Production Act of 1950, as amended, is amended by strik-*
20 *ing out “1962” and inserting in lieu thereof “1963”.*

21 *SEC. 7. Section 303 of the Defense Production Act of*
22 *1950, as amended, is amended by adding at the end thereof a*
23 *new subsection as follows:*

1 “(f) Notwithstanding any other provision of law to the
2 contrary, metals, minerals, and materials acquired pursuant
3 to the provisions of this section which, in the judgment of the
4 President, are excess to the needs of programs under this Act,
5 shall be transferred to the national stockpile established pur-
6 suant to the Act of June 7, 1939, as amended (50 U. S. C.
7 98-98h), when the President deems such action to be in the
8 public interest.

9 “Transfers made pursuant to this subsection shall be made
10 without charge against or reimbursement from funds avail-
11 able under such Act of June 7, 1939, as amended, except
12 that costs incident to such transfer other than acquisition costs
13 shall be paid or reimbursed from such funds, and the acquisi-
14 tion costs of such metals, minerals, and materials transferred
15 shall be deemed to be net losses incurred by the transferring
16 agency and the notes payable issued to the Secretary of the
17 Treasury representing the amounts thereof shall be canceled.
18 Upon the cancellation of any such notes the aggregate
19 amount of borrowing which may be outstanding at any one
20 time under section 304 (b) of this Act, as amended, shall
21 be reduced in an amount equal to the amount of any notes
22 so cancelled.”

23 SEC. 8. Title VI of the Defense Production Act of
24 1950, as amended, is amended to read as follows:

1 “TITLE VI—CONTROL OF CONSUMER AND
2 REAL ESTATE CREDIT

3 THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER
4 CREDIT AND REAL ESTATE CONSTRUCTION CREDIT
5 ONLY

6 “SEC. 601. To assist in carrying out the objectives of
7 this Act, the Board of Governors of the Federal Reserve
8 System is authorized, notwithstanding the provisions of
9 Public Law 386, Eightieth Congress (61 Stat. 921), to
10 exercise consumer credit controls in accordance with and
11 to carry out the provisions of Executive Order Numbered
12 8843 (August 9, 1941).

13 “SEC. 602. (a) To assist in carrying out the purposes
14 of this Act, the President is authorized from time to time to
15 prescribe regulations with respect to such kind or kinds of
16 real estate construction credit which thereafter may be ex-
17 tended as, in his judgment, it is necessary to regulate in
18 order to prevent or reduce excessive or untimely use of or
19 fluctuations in such credit. Such regulations may, among
20 other things, prescribe maximum loan or credit values, mini-
21 mum down payments in cash or property, trade-in or ex-
22 change values, maximum maturities, maximum amounts of
23 credit, rules regarding the amount, form, and time of various
24 payments, rules against any credit in specified circumstances,

1 rules regarding consolidations, renewals, revisions, transfers,
2 or assignments of credit, and rules regarding other similar or
3 related matters. Such regulations may classify persons and
4 transactions and may apply different requirements thereto,
5 and may include such administrative provisions as in the
6 judgment of the President are reasonably necessary in order
7 to effectuate the purposes of this section or to prevent evasions
8 thereof.

9 “In prescribing and suspending such regulations, includ-
10 ing changes from time to time to take account of changing
11 conditions, the President shall consider, among other factors,
12 (1) the level and trend of real estate construction credit and
13 the various kinds thereof, (2) the effect of the use of such
14 credit upon (i) purchasing power and (ii) demand for real
15 property and improvements thereon and for other goods and
16 services, (3) the need in the national economy for the main-
17 tenance of sound credit conditions, and (4) the needs for
18 increased defense production.

19 “(b) No person shall extend or maintain any real
20 estate construction credit, or renew, revise, consolidate, re-
21 finance, purchase, sell, discount, or lend or borrow on, any
22 obligation arising out of any such credit, or arrange for any
23 of the foregoing, in contravention of any regulation prescribed
24 by the President pursuant to this section. Any person who
25 extends or maintains any such credit, or renews, revises, con-

1 solidates, refinances, purchases, sells, discounts, or lends or
2 borrows on, any obligation arising out of any such credit,
3 or arranges for any of the foregoing, shall make, keep, and
4 preserve for such periods, such accounts, correspondence,
5 memoranda, papers, books, and other records, and make such
6 reports, under oath or otherwise, as the President may by
7 regulation require as necessary or appropriate in order to
8 effectuate the purposes of this section; and such accounts,
9 correspondence, memoranda, papers, books, and other records
10 shall be subject at any time to such reasonable periodic,
11 special, or other examinations by examiners or other repre-
12 sentatives of the President as the President may deem neces-
13 sary or appropriate. The requirements of this section apply
14 whether a person is acting as principal, agent, broker, vendor,
15 or otherwise.

16 “(c) To assist in carrying out the purposes of this sec-
17 tion, the President by regulation may require transactions
18 or persons or classes thereof subject to this section to be
19 registered; and, after notice and opportunity for hearing, the
20 President by order may suspend any such registration for
21 violation of this section or any regulation prescribed by the
22 President pursuant to this section. The provisions of section
23 25 of the Securities Exchange Act of 1934, as amended,
24 shall apply in the case of any such order of the President in
25 the same manner that such provisions apply in the case of

1 orders of the Securities and Exchange Commission under
2 that Act. In carrying out this section, the President may act
3 through and may utilize the services of the Board of Gov-
4 ernors of the Federal Reserve System, the Federal Reserve
5 banks, and any other agencies, Federal or State, which are
6 available and appropriate.

7 “(d) For the purposes of this section, unless the context
8 otherwise requires, the following terms shall have the follow-
9 ing meanings, but the President may in his regulations
10 further define such terms and, in addition, may define tech-
11 nical, trade, accounting, and other terms, insofar as any such
12 definitions are not inconsistent with the provisions of this
13 section:

14 “(1) ‘Real estate construction credit’ means any credit
15 which (i) is wholly or partly secured by, (ii) is for the
16 purpose of purchasing or carrying, (iii) is for the purpose
17 of financing, or (iv) involves a right to acquire or use, new
18 construction on real property or real property on which there
19 is new construction. As used in this paragraph the term
20 ‘new construction’ means any structure, or any major addi-
21 tion or major improvement to a structure, which has not been
22 begun before the effective date of any regulation issued under
23 subsection (a) of this section after the date of enactment of
24 the Defense Production and Temporary Controls Act of
25 1953. As used in this paragraph the term ‘real property’

1 includes leasehold and other interests therein. Notwithstand-
2 ing the foregoing provisions of this paragraph, the term 'real
3 estate construction credit' shall not include any loan or loans
4 made, insured, or guaranteed by any department, independ-
5 ent establishment, or agency in the executive branch of the
6 United States Government, or by any wholly owned Govern-
7 ment corporation, or by any mixed ownership Government
8 corporation as defined in the Government Corporation Con-
9 trol Act, as amended.

10 “(2) ‘Credit’ means any loan, mortgage, deed of trust,
11 advance, or discount; any conditional sale contract; any con-
12 tract to sell, or sale or contract of sale of, property or services,
13 either for present or future delivery, under which part or all
14 of the price is payable subsequent to the making of such sale
15 or contract; any rental-purchase contract, or any contract for
16 the bailment, leasing, or other use of property under which
17 the bailee, lessee, or user has the option of becoming the owner
18 thereof, obligates himself to pay as compensation a sum sub-
19 stantially equivalent to or in excess of the value thereof, or has
20 the right to have all or part of the payments required by such
21 contract applied to the purchase price of such property or
22 similar property; any option, demand, lien, pledge, or similar
23 claim against, or for the delivery of property or money; any
24 purchase, discount, or other acquisition of, or any credit un-
25 der the security of, any obligation or claim arising out of

1 any of the foregoing; and any transaction or series of trans-
2 actions having a similar purpose or effect.

3 "SEC. 603. Any person who willfully violates any pro-
4 vision of section 601, 602, or 605, or any regulation or or-
5 der issued thereunder, upon conviction thereof, shall be fined
6 not more than \$5,000 or imprisoned not more than one year,
7 or both.

8 "SEC. 604. All the present provisions of sections 21 and
9 27 of the Securities Exchange Act of 1934, as amended
10 (relating to investigations, injunctions, jurisdictions, and
11 other matters), shall be as fully applicable with respect to the
12 exercise by the Board of Governors of the Federal Reserve
13 System of credit controls under section 601 as they are now
14 applicable with respect to the exercise by the Securities and
15 Exchange Commission of its functions under that Act, and
16 the Board shall have the same powers in the exercise of such
17 credit controls as the Commission now has under the said
18 sections 21 and 27.

19 "SEC. 605. To assist in carrying out the objectives of
20 this Act the President may at any time or times, notwith-
21 standing any other provision of law, reduce, for such period
22 as he shall specify, the maximum authorized principal
23 amounts, ratios of loan to value or cost, or maximum ma-
24 turities of any type or types of loans on real estate which
25 thereafter may be made, insured, or guaranteed by any de-

1 partment, independent establishment, or agency in the exec-
2 utive branch of the United States Government, or by any
3 wholly owned Government corporation or by any mixed-
4 ownership Government corporation as defined in the Gov-
5 ernment Corporation Control Act, as amended, or reduce or
6 suspend any such authorized loan program, upon a determi-
7 nation, after taking into consideration the effect thereof upon
8 conditions in the building industry and upon the national
9 economy and the needs for increased defense production, that
10 such action is necessary in the public interest: Provided,
11 That in the exercise of these powers, the President shall pre-
12 serve the relative credit preferences accorded to veterans
13 under existing law. Subject to the provision of this section
14 with respect to preserving the relative credit preferences ac-
15 corded to veterans under existing law, the President may
16 require lenders or borrowers and their successors and as-
17 signs to comply with reasonable conditions and requirements,
18 in addition to those provided by other law, in connection with
19 any loan of a type which has been the subject of action by
20 the President under this section. Such conditions and re-
21 quirements may vary for classifications of persons or trans-
22 actions as the President may prescribe, and failure to comply
23 therewith shall constitute a violation of this section.

24 “SEC. 606. No authority under this title shall be initially
25 invoked with respect to either consumer credit controls or

1 *real estate construction credit controls unless and until the*
2 *President has found and declared under section 801 of this*
3 *Act that a grave national emergency exists and has estab-*
4 *lished ceilings on prices, wages, and rents pursuant to the*
5 *authority contained in such section; and all authority under*
6 *this title shall cease to be in effect upon the termination of*
7 *such ceilings.”*

8 *SEC. 9. Subsection (c) of section 701 of the Defense*
9 *Production Act of 1950, as amended, is amended to read as*
10 *follows:*

11 *“(c) Whenever the President invokes the powers given*
12 *him in this Act to control the general distribution of any mate-*
13 *rial in the civilian market, he shall do so in such a manner as to*
14 *make available, so far as practicable, for business and various*
15 *segments thereof in the normal channel of distribution of such*
16 *material, a fair share of the available civilian supply based,*
17 *so far as practicable, on the share received by such business*
18 *under normal conditions during a representative period fol-*
19 *lowing June 30, 1953, and having due regard to periodic*
20 *changes in the current competitive position of established*
21 *business: Provided, That the limitations and restrictions im-*
22 *posed on the production of specific items shall not exclude*
23 *new concerns and newly acquired operations from a fair and*
24 *reasonable share of total authorized production, and shall*
25 *give due consideration to the needs of new concerns and*

1 newly acquired operations: Provided further, That if the
2 President continues or reimposes controls after June 30,
3 1953, on the general distribution in the civilian market of
4 any materials subject to such controls on June 30, 1953, he
5 shall do so in the manner above provided but on the basis
6 of the share received by such business during a representa-
7 tive period preceding June 24, 1950, adjusted to reflect,
8 since such date, attained competitive position, the require-
9 ments of new concerns and newly acquired operations.”

10 SEC. 10. Section 702 (d) of the Defense Production
11 Act of 1950, as amended, is amended to read as follows:

12 “(d) The term ‘national defense’ means the operations
13 and activities of the Armed Forces, the Atomic Energy Com-
14 mission, or any other Government department or agency
15 directly or indirectly and substantially concerned with the
16 national defense, or operations or activities in connection
17 with foreign economic or military assistance programs.”

18 SEC. 11. (a) The fourth sentence of paragraph (1)
19 of subsection (a) of section 714 of the Defense Production
20 Act of 1950, as amended, is amended to read as follows:
21 “For the purposes of this section, a small-business concern
22 shall be deemed to be one which is independently owned and
23 operated and which is not dominant in its field of operation,
24 including producers of strategic and critical minerals and
25 metals.”

1 (b) Paragraph (4) of subsection (a) of section 714
2 of the Defense Production Act of 1950, as amended, is
3 amended by striking out "June 30, 1953" and inserting in
4 lieu thereof "June 30, 1955".

5 SEC. 12. Paragraph (3) of subsection (f) of section
6 714 of the Defense Production Act of 1950, as amended, is
7 amended by inserting after the word "allocated" the first time
8 it appears therein the words "in the civilian market".

9 SEC. 13. Paragraph (4) of subsection (f) of section
10 714 of the Defense Production Act of 1950, as amended,
11 is repealed.

12 SEC. 14. Subsection (a) of section 717 of the Defense
13 Production Act of 1950, as amended, is amended to read
14 as follows:

15 “(a) (1) Titles I, III, VI, VII and VIII of this Act,
16 and all authority conferred thereunder, shall terminate at the
17 close of June 30, 1955, or at the expiration of ninety days
18 after the issuance on or before that date of an Executive order
19 establishing ceilings under the provisions of section 801 (a)
20 of this Act, whichever is later.

21 “(2) Title II of this Act, and all authority conferred
22 thereunder, shall terminate at the close of June 30, 1953;
23 and titles IV and V of this Act, and all authority conferred
24 thereunder, shall terminate at the close of April 30, 1953.”

25 SEC. 15. Subsection (c) of section 717 of the Defense

1 *Production Act of 1950, as amended, is amended by adding*
2 *before the period at the end thereof a comma and the follow-*
3 *ing: "or the taking of any action (including the making of*
4 *new guarantees) deemed by a guaranteeing agency to be*
5 *necessary to accomplish the orderly liquidation, adjustment*
6 *or settlement of any loans guaranteed under this Act, in-*
7 *cluding actions deemed necessary to avoid undue hardship*
8 *to borrowers in reconverting to normal civilian production;*
9 *and all of the authority granted to the President, guarantee-*
10 *ing agencies, and fiscal agents, under section 301 of this*
11 *Act shall be applicable to actions taken pursuant to the*
12 *authority contained in this subsection".*

13 *SEC. 16. The Defense Production Act of 1950, as*
14 *amended, is amended by adding at the end thereof the follow-*
15 *ing new title:*

16 *"TITLE VIII—TEMPORARY EMERGENCY PRICE,*
17 *WAGE, AND RENT CEILINGS*

18 *"SEC. 801. (a) The President is authorized and di-*
19 *rected, whenever he shall find and declare that a grave*
20 *national emergency exists and that the exercise of such*
21 *authority is necessary in the interest of national security and*
22 *economic stability, to establish simultaneously by Executive*
23 *order ceilings on (1) the price, rental, commission, margin,*
24 *rate, fee, charge, or allowance paid or received on the sale or*
25 *delivery, or the purchase or receipt, by or to any person, of*

1 materials and services, (2) wages, salaries, and other com-
2 pensation paid or received with respect to employment, and
3 (3) rents paid or received for the use or occupancy of hous-
4 ing accommodations, at the levels prevailing as of the close of
5 business on the business day next preceding the day on which
6 the action is taken, or those prevailing on the nearest date
7 during the preceding thirty days on which, in the judgment
8 of the President, they are generally representative, or if none
9 prevailed during such thirty-day period, then those prevailing
10 on the nearest date on which, in the judgment of the Presi-
11 dent, they are generally representative. All ceilings estab-
12 lished under this title shall terminate ninety days after the
13 issuance of such order, or at such earlier time as Congress
14 may by law or concurrent resolution provide, and the au-
15 thority conferred by this title to establish ceilings shall not
16 thereafter be exercised.

17 “(b) The President may provide exemptions from,
18 suspensions of, or adjustments to ceilings in the case of any
19 materials or services or transactions therein, or types of em-
20 ployment, or housing accommodations of any class or in any
21 area, if he finds that (1) such exemption, suspension, or
22 adjustment is necessary for national defense, or (2) the
23 imposition or maintenance of such ceilings would be imprac-
24 ticable or unnecessary in order to effectuate the purposes of
25 this title.

1 “SEC. 802. The President may make such rules, regu-
2 lations, and orders as he deems necessary and appropriate
3 to carry out the provisions of this title. Whenever in the
4 judgment of the President such action is necessary or proper
5 in order to effectuate the purposes of this title, he may, by
6 regulation or order, regulate or prohibit speculative or
7 manipulative practices or renting or leasing practices (in-
8 cluding practices relating to the recovery of possession) in
9 connection with any housing accommodations, which in his
10 judgment are equivalent to or are likely to result in rent
11 increases inconsistent with the purposes of this title.

12 “SEC. 803. (a) Regardless of any obligation heretofore
13 or hereafter entered into, it shall be unlawful—

14 “(1) for any person to sell or deliver, or in the
15 regular course of business or trade to buy or receive,
16 any material or service, or to demand, accept, receive,
17 or retain any rent for the use or occupancy of any
18 housing accommodations, or otherwise to do or omit
19 to do any act, in violation of this title or any regulation,
20 order, or requirement issued thereunder, or to offer,
21 solicit, attempt, or agree to do any of the foregoing; or

22 “(2) for any employer to pay, or any employee
23 to receive, any wage, salary, or other compensation in
24 contravention of any regulation or order promulgated
25 by the President under this title.

1 *The President shall prescribe the extent to which any pay-*
2 *ment (including any wage, salary, or compensation pay-*
3 *ment), either in money or property, made in contravention*
4 *of any such regulation, order, or requirement shall be disre-*
5 *garded by the executive departments and other governmental*
6 *agencies in determining the costs or expenses of any person*
7 *for the purposes of any other law or regulation, including*
8 *bases in determining gain for tax purposes.*

9 “(b) Any person who willfully violates any provision
10 of this section shall, upon conviction thereof, be subject to a
11 fine of not more than \$10,000 or to imprisonment for not
12 more than one year, or both.

13 “SEC. 804. Nothing in this title shall be construed to
14 require any person to sell any material or service, or to
15 offer any housing accommodations for rent, or to perform
16 personal services.

17 “SEC. 805. As used in this title—

18 “(a) The term ‘rent’ means the consideration, includ-
19 ing any bonus, benefit, or gratuity, demanded or received
20 for or in connection with the use or occupancy of housing
21 accommodations, or the transfer of a lease of housing accom-
22 modations.

23 “(b) The term ‘housing accommodations’ means any
24 building, structure or part thereof, or land appurtenant
25 thereto, or any other real or personal property rented or

1 offered for rent for living or dwelling purposes (including
2 houses, apartments, rooming or boarding house accommoda-
3 tions, and other properties used for living or dwelling pur-
4 poses) together with all privileges, services, furnishings,
5 furniture, and facilities connected with the use or occupancy
6 of such property.

7 “SEC. 806. This title shall become effective on May 1,
8 1953.”

A BILL

To provide authority for temporary economic controls, and for other purposes.

By Mr. CAPENART, Mr. MAYBANK, Mr. BEALL,
Mr. BUSH, Mr. DOUGLAS, Mr. FREAR, Mr.
FULBRIGHT, Mr. IVES, Mr. LEHMAN, Mr.
PAYNE, Mr. ROBERTSON, and Mr. SPARKMAN

FEBRUARY 25, 1953

Read twice and referred to the Committee on
Banking and Currency

APRIL 10 (legislative day, APRIL 6), 1953

Reported with an amendment

MAY 13 (legislative day, MAY 12), 1953

Ordered printed showing the committee amendment as
modified

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 20, 1953
For actions of May 19, 1953
83rd-1st, No. 91

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HIGHLIGHTS: House debated agricultural appropriation bill. General debate was concluded, and bill is to be read for amendment today. Senate passed economic controls bill. Senate passed measure for Foreign Economic Policy Commission. Senate committees reported bills excluding major officials from leave law and creating Joint Budget Committee.

HOUSE

1. **AGRICULTURAL APPROPRIATION BILL, 1954.** Began debate on this bill, H. R. 5227 (pp. 5317-49). General debate was concluded, and the bill is to be read for amendment today.
2. **PUBLIC LANDS.** Passed as reported H. R. 2512, to amend the Small Tract Act of 1938 (authorizing lease or sale of 5 acres or less of public lands for certain purposes) so as to extend its application and facilitate its administration (p. 5297).
Passed as reported H. R. 1815, to extend the scope of the Recreation Act, which authorizes Interior to sell or lease public lands to States and subdivisions for recreational uses (pp. 5298-9).
3. **FOREIGN AID.** Passed without amendment H. R. 2312, to repeal Public Law 820, 80th Congress, providing a revolving fund for the purchase of agricultural commodities and raw materials to be processed in occupied areas and sold (p. 5297).
4. **FOREIGN TRADE.** Rep. Rogers, Mass., spoke in favor of protection of domestic industry through adequate tariffs (pp. 5353-4).
5. **COMMITTEE ASSIGNMENT.** Rep. Tuck, Va., was elected to the Post Office and Civil Service Committee (p. 5294).
6. **ELECTRIFICATION.** Rep. Pfoest claimed most Republicans are against "low-cost public power" (pp. 5305-6).
7. **EDUCATION APPROPRIATIONS.** Rep. Brown, Ga., spoke against cuts in vocational-education items in the Labor-HEW appropriation bill (pp. 5351-3).
8. **LABOR-HEW APPROPRIATION BILL, 1954.** In reporting this bill, H. R. 5246 (see

August 9C), the Appropriations Committee included the following statements in its report;
Mexican Farm Labor Program. "The committee has serious misgivings about this program, which guarantees to foreign agricultural workers coming into this country many things such as medical care for sickness or injury incurred on the job, minimum wages, adequate living quarters, etc., which are not guaranteed to our own citizens. It provides a labor recruitment program for farmers in one part of our country, while farmers on our East Coast pay for their own recruitment of laborers from outside the Continental United States. However, in view of the recent approval of an extension of the basic legislation by a large majority of the House of Representatives, the committee is recommending a continuation of appropriations. The bill includes \$1,150,000 for the first six months' operation of the program, plus \$100,000 for program liquidation if the agreement with Mexico, which expires December 31, 1953, is not extended. This is a reduction of \$490,000 from the request."

Education. "Promotion and further development of vocational education.-- The bill includes \$16,048,870, a reduction of \$2,624,391 from the request and from the appropriation for 1953... The committee is in agreement with the Bureau of the Budget and the Secretary in their belief that this program has matured to the point where its 'promotion and further development' should gradually be turned over to the States."
"Further endowment of colleges of agriculture and mechanic arts.-- The bill includes no amounts for this item. This is a reduction of \$2,501,500 from the estimate and \$2,480,000 from the 1953 appropriation."

Up-Grading. "The committee is very much concerned with the general tendency in both the Department of Labor and the Department of Health, Education, and Welfare continually to up-grade jobs and to apply reductions in personnel primarily in the lower grades... If this trend continues, the committee will give serious consideration to placing a limitation in the bill next year to force correction."

Automobiles. "The committee has disallowed all requests for authority to purchase automobiles, either as additions to the fleet or as replacements."

Publications. "The committee strongly urges the new Secretary (of HEW) to maintain a closer control over the publications of the Department than has been maintained in the past."

SENATE

9. ECONOMIC CONTROLS. Passed with amendments S. 1081, providing for temporary economic controls, after substituting therefor a modified committee amendment in the nature of a substitute, as amended. Adopted, 45-41, a Byrd amendment restricting the President's authority to impose standby wage-price controls unless Congress has declared war or has found that a grave national emergency exists; and a Young amendment establishing a formula for ceiling prices on farm products at not less than the parity. Rejected, 26-61, a Bricker amendment to eliminate the provisions for standby price-wage controls. (pp. 5260-85.)
10. INFORMATION. The Post Office and Civil Service Committee reported without amendment S. 971, to authorize films and related material for educational use to be transmitted through the mails at the rate provided for books (S. Rept. 293) (p. 5259).
11. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H.R. 4654, to provide for the exemption from the Annual and Sick Leave Act of 1951 of certain officers in the executive branch (S. Rept. 294) (p. 5259).

"I firmly believe that agriculture is entitled to a fair, full share of the national income.

"A fair share is not merely 90 percent of parity, but full parity."

We firmly believe we have not only a right, but a duty to demand a fulfillment of the above promise made by our President at Kasson, Minn.

As the economy of the Nation revolves around a prosperous agriculture, we demand the resignation of Secretary Benson so that the promise of President Eisenhower can be fulfilled.

We firmly believe in price supports of 100 percent of parity and if a burdensome surplus is on hand that acreage control be invoked, handled by democratically elected farmer committees.

We resent the statement that this is regimentation or interference with our freedom. We well remember when wheat sold for 25 cents per bushel and cattle for \$20 per head. We don't want that kind of freedom with farm failures, business bankruptcy, and thousands of closed banks.

Whereas the price of cattle has gone down 50 percent, mostly in the last 6 months, and whereas the income of beef is second only to grain, we, therefore, petition the Secretary of Agriculture to use the authority he now has to bring the price of beef to 90 percent of parity.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CARLSON, from the Committee on Post Office and Civil Service:

S. 971. A bill to authorize films, and related material, for educational use to be transmitted through the mails at the rate provided for books; without amendment (Rept. No. 293); and

H. R. 4654. A bill to provide for the exemption from the Annual and Sick Leave Act of 1951 of certain officers in the executive branch of the Government, and for other purposes; with an amendment (Rept. No. 294).

By Mrs. SMITH of Maine, from the Committee on Government Operations:

S. 833. A bill to amend the Legislative Reorganization Act of 1946 to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States; with an amendment (Rept. No. 295).

REMOVAL OF LIMITATION UPON RANK OF LEADER OF MILITARY ACADEMY BAND—REPORT OF A COMMITTEE—ADDITIONAL COSPONSORS OF BILL

Mr. HENDRICKSON. Mr. President, from the Committee on Armed Services, I report favorably, with amendments, the bill (S. 1644) to amend the act of May 27, 1940 (54 Stat. 223), as amended, to remove the limitation upon the rank of the director of music, the leader of the Military Academy Band, and for other purposes, and I submit a report (No. 296) thereon.

The bill was introduced by the Senator from Massachusetts [Mr. SALTONSTALL] on April 15, at the request of the Department of Defense. In view of the amendments made to the original text of the bill as the result of hearings by a special subcommittee, I ask unanimous consent that my name, and that of the Senator from Wyoming [Mr. HUNT], be added as cosponsors of the bill.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar; and, without objection, the name of the Senator from New Jersey and the name of the Senator from Wyoming will be added as cosponsors of the bill.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. IVES:

S. 1934. A bill to provide rates of postage on third-class matter mailed by organizations and associations of volunteer firemen; to the Committee on Post Office and Civil Service.

By Mr. CARLSON:

S. 1935. A bill to prohibit the payment to certain Government employees for accumulated or accrued annual leave, and for other purposes; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. CARLSON when he introduced the above bill, which appear under a separate heading.)

By Mr. POTTER:

S. 1936. A bill for the relief of Helmut Hopton and Herta Hopton; to the Committee on the Judiciary.

By Mr. LANGER:

S. 1937. A bill for the relief of Rev. Francis T. Dwyer and Rev. Thomas Morrissey; to the Committee on the Judiciary.

By Mr. SALTONSTALL (by request):

S. 1938. A bill for the relief of Mario Fernandes Mano; to the Committee on the Judiciary.

By Mr. HOLLAND:

S. 1939. A bill for the relief of Raleigh B. Diamond; to the Committee on the Judiciary.

By Mr. MILLIKIN (for himself and Mr. JOHNSON of Colorado):

S. 1940. A bill for the relief of Michele Aurucci; to the Committee on the Judiciary.

By Mr. DWORSHAK:

S. 1941. A bill to provide for the construction, maintenance, and operation of the Michaud Flats project for irrigation in the State of Idaho; to the Committee on Interior and Insular Affairs.

PROHIBITION OF PAYMENT TO CERTAIN GOVERNMENT EMPLOYEES FOR ACCUMULATED OR ACCRUED ANNUAL LEAVE

Mr. CARLSON. Mr. President, I introduce a bill which I wish to have referred to the appropriate committee for consideration.

Much has been said in recent days, both on and off the Senate floor, about the annual leave benefits for Government employees. Much of this discussion has been brought about by the disclosure by the distinguished Senator from Delaware [Mr. WILLIAMS] that several employees of the Rent Stabilization Agency collected large lump-sum leave payments by taking advantage of a loophole in the law.

I am not prepared to say these employees acted in an illegal manner. However, I do say the action taken was wrong, and that it should never have occurred.

I am, therefore, proposing today legislation, which, if enacted, will preclude once and for all the recurrence of a case such as cited by the Senator from Delaware.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1935) to prohibit the payment to certain Government employees for accumulated or accrued annual leave, and for other purposes, introduced by Mr. CARLSON, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

DISTURBING INFLUENCES IN OUR SOCIETY—ADDRESS BY GEORGE F. KENNAN

Mr. LEHMAN. Mr. President, I had intended to ask permission to have printed in the Appendix of the RECORD today an article entitled "Kennan Examines Some Disturbing Forces in Our Society," which appeared in the Washington Post of May 17, 1953, containing a transcript of an address by Mr. Kennan at Notre Dame University on May 15. However, the distinguished junior Senator from Arkansas [Mr. FULBRIGHT] had the address printed in the RECORD yesterday, and I shall therefore not ask to have it duplicated.

Mr. George F. Kennan has long been one of our most distinguished and able diplomats, serving with courage and wisdom as United States Ambassador to Russia and in other diplomatic posts. This address, which was delivered recently at a University of Notre Dame convocation, analyzes in an extraordinarily clear and thoughtful way the dangers to this country of certain forces in our society. I commend it to the careful reading by Members of the Senate and by the people of the Nation generally.

REQUEST TO PASS OVER THE NOMINATION OF UNITED STATES MARSHAL FOR EASTERN DISTRICT OF WASHINGTON

Mr. MAGNUSON. Mr. President, I may not be able to be present at a late hour this afternoon if the Executive Calendar should be called. Therefore, I desire to serve notice at this time that I wish to ask, most respectfully, that the nomination of Darrell O. Holmes, to be United States marshal for the eastern district of Washington, be passed over. I have spoken about this matter to the chairman of the Judiciary Committee and to the majority leader and to the minority leader.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. KILGORE:

Editorial entitled "GOP Giveaways," published in the Charleston (W. Va.) Gazette of May 1, 1953.

By Mr. SPARKMAN:

Address delivered by Senator HENNINGS before the 22d annual meeting of the National Housing Conference, held at the Statler Hotel, Washington, D. C., on May 12, 1953.

Editorial on the subject Understanding America, written by Ben F. Ray, chairman of

the Alabama Democratic Executive Committee, and published in the Montgomery (Ala.) Examiner.

By Mr. HUMPHREY:

Article entitled "You Can't Order a Young Man To Be a Pilot," written by Max Conrad; an article entitled "Winona Experiment," published in a recent issue of the Minneapolis Star; an editorial entitled "Tides and Men," published in the June 1953 issue of Flying.

By Mr. KENNEDY:

Address entitled "Mass Air Transportation in the Public Interest," delivered by Col. Joseph P. Adams, of the Civil Aeronautics Board.

Editorial entitled "Fisheries: Ugly Duckling?" published in the Gloucester Daily Times of May 11, 1953.

Editorial entitled "Airline Subsidies Again," published in the Holyoke Transcript-Telegram of April 18, 1953.

Editorial entitled "Twenty-three at Valley Forge," published in the Boston Daily Globe of May 4, 1953.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 166. An act for the relief of Sister Louise Marie Josephine Belloir;

S. 167. An act for the relief of Sister Jeanne Maria Henneth Langlo;

S. 193. An act for the relief of Toni Anne Simmons (Hitomi Urasaki);

S. 207. An act for the relief of Jimmy Okuda;

S. 371. An act for the relief of Georgia Andrews;

S. 709. An act to give proper recognition to the distinguished service of Col. J. Claude Kimbrough;

S. 837. An act for the relief of Eugene Rivoche and Marie Barsky;

S. 1524. An act to authorize the Secretary of the Navy to furnish certain supplies and services to foreign naval vessels on a reimbursable basis, and for other purposes;

S. 1525. An act to authorize the Secretary of the Navy to convey to the Tarrant County Water Control and Improvement District No. 1 certain parcels of land in exchange for other lands and interests therein at the former United States Marine Corps Air Station, Eagle Mountain Lake, Tex.;

S. 1527. An act to amend section 40b of the National Defense Act, as amended (41 Stat. 759, 777), to remove the limitation upon the detail of officers on the active list for recruiting service and for duty with ROTC units;

S. 1528. An act to continue in effect certain appointments as officers and as warrant officers of the Army and of the Air Force;

S. 1530. An act to amend the Army-Navy Nurses Act of 1947 to authorize the appointment in the grade of first lieutenant of nurses and medical specialists in the Regular Army and Regular Air Force, and appointment with rank of lieutenant (junior grade) of nurses in the Regular Navy;

S. 1546. An act to amend the act authorizing the Secretary of War to approve a standard design for a service flag and service lapel button;

S. 1547. An act to authorize payment for the transportation of household effects of certain naval personnel;

S. 1549. An act to retrocede to the State of Virginia concurrent jurisdiction over certain highways within Fort Belvoir, Va.; and

S. 1641. An act to retrocede to the State of Oklahoma concurrent jurisdiction over the right-of-way for United States Highways 62 and 277 within the Fort Sill Military Reservation, Okla.

TEMPORARY ECONOMIC CONTROLS

The Senate resumed the consideration of the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

The VICE PRESIDENT. The clerk will state the unanimous-consent agreement previously entered into.

The Chief Clerk read as follows:

Ordered, That beginning on Tuesday, May 19, 1953, at 12 o'clock noon, during the further consideration of the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, debate upon any amendment proposed thereto shall be limited to not more than 1 hour, to be equally divided and controlled by the mover of such amendment and Mr. CAPEHART: *Provided*, That no amendment that is not germane to the subject matter of the said bill shall be received.

Ordered further, That debate upon the question of the final passage of the bill shall be limited to not more than 2 hours, to be equally divided and controlled by Mr. CAPEHART and Mr. BRICKER.

Mr. TAFT. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McCarthy
Anderson	Griswold	McClellan
Barrett	Hayden	Millikin
Beall	Hendrickson	Monroney
Bennett	Hennings	Morse
Bricker	Hickenlooper	Mundt
Bridges	Hill	Neely
Bush	Hoey	Pastore
Butler, Md.	Holland	Payne
Byrd	Humphrey	Potter
Capehart	Hunt	Purtell
Carlson	Ives	Robertson
Case	Jackson	Russell
Chavez	Jenner	Saltonstall
Cordon	Johnson, Colo.	Schoeppel
Daniel	Johnson, Tex.	Smathers
Dirksen	Johnston, S. C.	Smith, Maine
Douglas	Kefauver	Smith, N. J.
Duff	Kennedy	Sparkman
Dworshak	Kilgore	Stennis
Eastland	Knowland	Symington
Ellender	Kuchel	Taft
Ferguson	Langer	Thye
Flanders	Lehman	Tobey
Frear	Long	Watkins
Fulbright	Magnuson	Welker
George	Malone	Wiley
Gillette	Mansfield	Williams
Goldwater	Martin	Young
Gore	Maybank	

Mr. SALTONSTALL. I announce that the Senator from Nebraska [Mr. BUTLER] is necessarily absent.

The Senator from Kentucky [Mr. COOPER] is absent on official business.

Mr. JOHNSON of Texas. I announce that the Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate on official business.

The Senator from Oklahoma [Mr. KERR] and the Senator from North Carolina [Mr. SMITH] are absent on official business.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Montana [Mr. MURRAY] are absent by leave of the Senate.

The VICE PRESIDENT. A quorum is present.

There are 2 prints of the bill being considered by the Senate, 1 of April 10 and 1 of May 13. The print of May 13 contains the committee amendment as modified. However, the print used at

the desk, which will be the subject of modification, will be the one which was made on April 10.

Mr. BYRD. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Virginia to the committee substitute as modified will be stated.

The LEGISLATIVE CLERK. On page 23, line 13 in the committee substitute as modified, it is proposed to strike out "whenever he" and insert in lieu thereof "whenever the United States has declared war against a foreign nation, or whenever the Congress, by concurrent resolution."

Mr. BYRD. Mr. President, I yield myself 5 minutes.

The amendment which I have offered is a very simple one. It provides that title 8, which contains authority for temporary emergency price, wage, and rent ceilings, shall not become effective except under 1 of 2 conditions: First, whenever the United States has declared war against a foreign nation, or second, whenever Congress, by concurrent resolution, finds that a grave national emergency exists and that the exercise of such authority is necessary in the interest of national security and economic stability.

My objection to title VIII is the fact that the President is authorized and directed, whenever he shall find and declare that a grave national emergency exists, to invoke the great powers of emergency price, wage, and rent ceilings, decreed by his own determination.

I submit that there is no definition of a grave national emergency, and I do not think any such definition could be written into a bill. I believe the Congress should have an equal voice in saying when this great authority shall be vested in the President, whereby all prices are frozen for a 90-day period.

Mr. President, of course I hope and pray that we will never have to fight another war, but if war should come, I certainly trust it will be a declared war, a war in which we are engaging after a declaration of war has been made by Congress. I hope that never again will we be called upon to wage war under such circumstances as surround the Korean war, which was called a police action by President Truman. That war has lasted now for nearly 3 years, and our Nation has been engaged in that bloody conflict for that length of time without a declaration of war on the part of Congress. I hope that will never happen again.

I believe one of the reasons people have been confused so badly about the Korean war is that the constitutional authority of Congress was not invoked to conduct the war.

The second part of my amendment provides that the control powers can come into existence whenever the Congress, by concurrent resolution, declares that they shall be invoked.

Mr. President, I submit that Congress, in case of an emergency, can convene very promptly. I believe that in 24 hours we can have a quorum in the Sen-

ate and in the House of Representatives, should a great emergency occur.

Mr. MORSE. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. MORSE. Is it not the opinion of the Senator from Virginia, as it is the opinion of the Senator from Oregon, that one of the clear responsibilities of Congress, in living up to the obligation of checks and balances under the Constitution, is to exercise the authority of which the Senator from Virginia is now speaking? Do we, the Congress, not have the duty of checking the President in the exercise of discretionary power?

Mr. BYRD. I agree with the Senator from Oregon. The point I wish to make clear is that there would be no delay with reference to the control powers immediately coming into effect. They would come into effect in the same minute with the declaration of war, or whenever Congress by concurrent resolution invoked the powers.

Mr. CHAVEZ. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. CHAVEZ. May I interrupt the Senator briefly and ask him a question with reference to his statement about there not being any delay?

Mr. BYRD. I yield.

Mr. CHAVEZ. I remember the attack by the Japanese on Pearl Harbor on the 7th of December. On that day I was in the West. Many other Senators were away from Washington. Nevertheless, we were here on the following day.

Mr. BYRD. The very next day, at 12 o'clock we can be here; every Senator and every Member of the House can be here within 24 hours. Therefore, I see no reason for Congress to abdicate its authority and responsibility. There is absolutely no reason why such tremendous power should be given to the Chief Executive under any other circumstances.

Under the pending bill every price in the country could be frozen by the Chief Executive. He could freeze the price of cattle in the West or in Virginia, even though conditions in Virginia are entirely different from what they are in the West.

The VICE PRESIDENT. The time of the Senator from Virginia has expired.

Mr. BYRD. I yield myself 5 additional minutes.

All prices would be frozen. Under the conditions which might exist prices could be frozen at less than the cost of production, and by invoking the freeze every contract made between businessmen would be invalidated, if the price in the contract was in excess of the price or ceiling fixed by the freeze order.

Mr. DOUGLAS. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. DOUGLAS. The Senator from Virginia has referred to the ability of Congress to convene within a day after an attack. In that connection was he not speaking primarily of wars of the past? When attacks occurred outside our borders? In the future, wars may well be atomic in nature, and if an atomic bomb were to fall on Washington

while Congress was in session it might well wipe out all of Congress. I do not believe that the Constitution is clear with respect to filling vacancies in the House of Representatives.

Mr. BYRD. Let me say to the Senator from Illinois that if Congress were to be wiped out in that way I am sure the administrative branch of the Government would be wiped out as well, and consequently no one would be left to enforce any law.

Mr. DOUGLAS. I hope I am not giving away any secrets, but at least I am under the impression that the President has a bombproof shelter available to him at the White House, although such a shelter is not available to Members of Congress. I think the President would have some sort of protection, which Senators and Representatives would not have.

Mr. BYRD. Mr. President, as I said, if an atomic bomb were to explode over Washington and if all the Senators and Representatives in Congress were killed, then the administrative officials of the Government would be killed also. I do not think that an atomic bomb would show any preference to certain members of the Government. In other words, we would all go down together.

Mr. DOUGLAS. Mr. President, will the Senator from Virginia yield further?

Mr. BYRD. I yield.

Mr. DOUGLAS. I do not wish to delay the Senator, but I should like to point out, with his permission, that the Presidential line of succession is much clearer than it is with reference to filling the vacancies in the House of Representatives. There would be an inevitable delay in filling the House of Representatives, because Members cannot be appointed by the governors of the various States, and there would have to be, consequently, special elections held in accordance with the laws of the various States. This would involve great delay.

In the event of the unfortunate loss of the President the Vice President would take over, to be followed by the other 11 successors in line, namely, the Speaker of the House, the President pro tempore of the Senate, the Secretary of State, and so on. It would be highly improbable that all of these men would disappear, but it is a strong possibility that we would not be able to get a quorum in the legislative branch of the Government.

Mr. BYRD. Mr. President, I should like to complete my statement.

Mr. DOUGLAS. Certainly. I am sorry.

Mr. BYRD. If the theory that everyone in Washington is going to be destroyed is to be carried to its logical conclusion, then perhaps there should be passed a great many other laws giving the President supreme power to do everything he pleases.

I shall not take up any more time in connection with my amendment, because other Senators wish to speak on it, and I have only half an hour available.

I wish to emphasize the fact that the pending legislation would freeze the price of everything in the country, except stocks on the New York Stock Ex-

change. I do not know why they were exempted.

Mr. MORSE. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. MORSE. Does the Senator agree that in its decision in the Steel case of last spring that the Supreme Court made it clear that Congress has the responsibility to act in times of great emergency in conjunction with the President, but with Congress exercising its power of check?

Mr. BYRD. That is correct.

The VICE PRESIDENT. The time of the Senator from Virginia has expired.

Mr. BYRD. How much time does the Senator from Ohio desire?

Mr. TAFT. Ten minutes.

Mr. BYRD. I yield 10 minutes to the Senator from Ohio.

Mr. TAFT. Mr. President, in the first place, price and wage controls, in my opinion, are absolutely contrary to the whole theory of a free economy. I feel very strongly on the subject of putting them into a Republican bill.

I believe that if in the past there had been price and wage controls we would never have had a free economy or the free competition which has brought about the tremendous increase in production, in productivity, and in the standard of living in the United States.

Such controls may at times be necessary. If so, Congress should decide whether they are necessary. They should not be made a part of the economic system of the United States, written into the statutes. They have no part in our economic system.

Price and wage controls may be necessary in a war, and they may not be necessary in a war.

Personally I do not think they are necessary in the war in which we are engaged today, the Korean war. Price and wage controls are obviously unnecessary, and they have been removed.

It seems to me, Mr. President, that to make them a part of our system would be to accept the philosophy of the Truman administration and the philosophy of socialism, that price and wage controls are an essential part, from time to time, of the economy of the United States. I am unwilling to admit any such proposition.

I had a good deal to do with price and wage controls during the First World War, in writing regulations with respect to price and wage controls. I helped to write the law in the Second World War.

I say there may be times when such controls are necessary, but the more I have observed them the more have I wondered whether, if they could be all avoided, we would not be just as well off without having price and wages controls, even in a war.

Certainly in an all-out war, when we get to the point where we have a tremendous deficit, of perhaps \$50 billion, as happened in the Second World War, during 3 or 4 years, then probably price and wage controls will at least deter inflation. They will not prevent inflation. Inflation occurs finally anyway. However, they will slow up inflation, probably

delay it, and probably help maintain greater stability for the time being. But, Mr. President, that is for Congress to decide. If, when an emergency arises, a freeze is imposed, its effect is to freeze inequities and to freeze many prices at levels below where they should be. During a war prices rise because people think certain articles will be in demand; but after a while, the higher prices bring about increased production of those articles.

Frankly, I think it would be wise, when a war starts, to let prices adjust themselves for a few months while Congress considers the wisdom of imposing wage and price controls, the extent and nature of the emergency, and the connection between the two.

It has been said that if at the start of the Korean war, controls had been imposed, there would not have been a 15-percent increase in prices. Of course, the increase was primarily due to policies pursued by the administration for 2 years before the Korean war began, whereby credit was greatly expanded and an inflationary spiral was developed. Paper money was being issued, in the form of currency, to almost anyone who applied to a bank for a loan, by the support of Government bonds. The Government was essentially encouraging the banks to loan all the money they wished to loan. Up to the beginning of the Korean war a policy of inflation was steadily being pursued.

Then, of course, that situation got out of hand, because so much inflation had already occurred that it was impossible to prevent the 10- or 15-percent increase in prices which occurred at that time. The price increases could have been held down if the Government had not been already involved in inflation. However, the price increases were due primarily to the world situation, rather than solely the situation in the United States. Nothing we can do to prices in the United States will prevent an increase in the prices of materials throughout the world, in the event of a major war.

The Eisenhower administration has stated clearly that it wants to get rid of the present controls; it does not want standby controls. The President only said, "I do not ask for it, but if Congress passes a freeze law, I will take it."

Is the present proposal a freeze proposal? Certainly it is not. The present proposal is for standby controls, because a freeze is an impossibility. Prices can not be frozen overnight and maintained in that status for 60 days; that simply can not be done. The result would be, for instance, to close every grain market in the United States, because no one would sell grain at the price at which it was frozen, under those circumstances, with the economic price perhaps 10 cents a bushel higher.

Under any price freeze, it is necessary to make adjustments, and a whole system of price controls has to be imposed, and of course finally that was provided for in the bill. The committee finally recognized that it could not approve a freeze bill.

On page 24 of the committee amendment we find the following:

(b) The President may provide exemptions from, suspensions of, or adjustments to ceilings in the case of any materials or services or transactions therein, or types of employment—

And so forth. In other words, this measure is an ordinary price-and-wage-control measure, which would be put into effect by the fiat of the President, simply because the President might say there was a national emergency. So what we have here is a measure proposing standby controls, and that is opposed to the policy of the Eisenhower administration. It is opposed to what President Eisenhower has told us he wants and what he does not want. This measure does not provide for the freeze President Eisenhower said he would accept.

Mr. IVES. Mr. President, will the Senator from Ohio yield on that point?

Mr. TAFT. I yield.

Mr. IVES. If that be the case, I should like to ask the distinguished Senator from Ohio why there is any need to be disturbed about having the controls ever exercised under the present administration.

Mr. TAFT. Once the President is given the power, he may be urged to use it.

Mr. IVES. But if the President is opposed to controls, is there any danger of his imposing them?

Mr. TAFT. If there is no likelihood that he would impose them, why give him the power at all? That is an equally good answer.

Mr. BUSH. Mr. President, will the Senator from Ohio yield to me?

Mr. TAFT. I yield.

Mr. BUSH. The only reason for giving the President the power, in my opinion, is that Congress might be unable to act.

The Senator from Virginia has said Congress would be in session within 24 hours, but how do we know that would be the case?

Mr. TAFT. Of course, Congress could be in session within 24 hours.

Mr. BUSH. The Senator from Virginia says the President should have this power if the Congress is unable to act. I agree with the Senator from New York that the President is most unlikely to use the power if the Congress can act and will act.

Mr. TAFT. Once the President is given the power to say, "I see an emergency, and therefore I can do this and that," we cannot tell what the President may do. In the first place, the President is subjected to tremendous pressures by various interests who feel they want price controls or a freeze imposed. The President may be subjected to all sorts of pressures from various interests and may act because of various considerations to which Congress should be giving full consideration.

On the other hand, once the President is given the power, there is a general tendency on the part of the public and newspapers to say to him, "Mr. President, you have the power. If you do not exercise it, you will be to blame for everything that happens." Congress itself is inclined to pass the buck when

it ought to be considering the emergency reasons for action.

It seems to me that Congress cannot delegate its constitutional power to make fundamental changes in the entire economy of the United States, in connection with the maintenance of freedom in our country, under the provisions of the Constitution.

So, Mr. President, I believe very strongly that we cannot and we should not renew the practice we protested against for 20 years—namely, the practice of giving the President the power to declare an emergency, and thereby the power to grant to himself the right to put into effect such controls.

Furthermore, how could the President decide about such things without having the benefit of the advice of an OPA organization? How could the President possibly determine what exemptions should be made, unless he had an organization to tell him? How could the President decide to suspend ceilings or to make adjustments in ceilings unless he had a whole OPA organization to advise him about what should be done?

Mr. President, this measure is an OPA measure, which the President could put into effect by simply saying, "I declare the existence of a national emergency."

This measure is contrary to everything I have supported ever since I have been a Member of Congress, and it seems to be contrary to everything we urged during the campaign.

I would prefer to vote for the Bricker amendment, which would strike out the entire section.

The Byrd amendment, however, in effect returns the power to Congress, because only Congress can put this system into effect; and when Congress does so, Congress will have an opportunity to rewrite the entire law, after determining what kind of price and wage controls there should be and what exemptions there should be and how they should be carried out.

Mr. IVES. Mr. President, will the Senator from Ohio yield for another question?

Mr. TAFT. I yield.

Mr. IVES. Is it not a fact that Congress can still rewrite the law or can write any law it wishes to write, as soon as it convenes, if it is not already in session?

Mr. TAFT. Oh, yes; but I do not see that that is an objection. Why should we give the President the power to write the law?

Mr. IVES. What, then, is the danger in allowing the President to take the initial action in this matter, if Congress can correct it immediately afterward, if Congress wishes to do so?

Mr. TAFT. Under that argument, the President, perhaps should be granted every power Congress has, in the event the United States became involved in war; under such circumstances, perhaps Congress would grant the President other powers which would be necessary to be exercised in the event of an emergency.

But Congress does not do that. Congress decides, at the time, what kind of law is necessary to meet the particular

kind of emergency then existing; and that is the kind of law Congress should write.

Mr. CAPEHART. Mr. President, will the Senator from Ohio yield to me?

The VICE PRESIDENT. The time of the Senator from Ohio has expired.

Mr. TAFT. I am sorry that my time has expired, so I cannot yield.

The VICE PRESIDENT. Does the Senator from Indiana desire recognition?

Mr. CAPEHART. Mr. President, I shall speak for perhaps 5 minutes, and then I shall yield the remainder of the time to the Senator from Maine.

Let me say that the able Senator from Ohio and the able Senator from Virginia both voted for the 1950 Defense Production Act which gave the President the right for 12 months to control all prices, all wages, and all rents. Under that act the President was not mandated to do so, but he was given the right to impose standby controls; he was given the right to freeze prices, wages, and rents, and to control them for 12 months, not 90 days. Both the Senator from Ohio and the Senator from Virginia voted for that measure, which gave the President authority to do something in the future, although he did not have to do it if he did not wish to do it; and Congress relinquished all rights in the matter, once that bill was enacted into law.

Mr. President, to me, this matter is very simple. Certainly I cannot quarrel with the able Senator from Virginia in what he said about the obligation of Congress to retain its power to declare war and various other powers it has. Certainly I do not quarrel with the statement made by the able Senator from Ohio, except that we seem to be like ostriches, in that we put our heads in the sand, and forget the fact that we are now at war in Korea, and that there is danger of an intensification of that war, and that all the Senate Banking and Currency Committee, or at least a majority of the 15 members of that committee, are doing is asking the Congress at the moment to take the minimum steps to make it possible, in case of a grave emergency, for the President to hold the line for at least 90 days, until Congress itself can decide exactly what it wishes to do. That is all that would be done by title VIII. That is all that we are asking to have done. We have given the President of the United States a standby manpower law, authorizing him to call up a maximum of three and one-half million men, with authority to call as many or as few each month as he may deem appropriate.

On the previous occasion, to which reference has been made, I did not at that time hear the objection made that we were granting too much authority to the President. The civil defense bill was passed. Senators should refresh their recollections regarding the provisions of that law. They should recall the unlimited power which was vested in the President of the United States under the civil defense law. That is a standby law which, in case the Nation is attacked, or in case a great emergency arises, authorizes the President to protect the civilian population of America. The responsibility lies with the Congress, not

with the President of the United States; and we ought to accept our responsibility.

I have no particular objection to a provision requiring a declaration of war. In fact, in the committee we gave much thought to the making of such a provision. I submit that we might well have written into the bill a declaration-of-war provisions, except for the fact that we are already at war. Would it not be inconsistent for us to provide that the grant of authority to the President in regard to controls should become effective only in the event of a declaration of war, or the beginning of an undeclared war, when the fact is that we are already at war?

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield to the Senator from Oregon.

Mr. MORSE. Is it not true, however, that in connection with the so-called military manpower law we have laid down very definite standards and very clear restrictions on the power of the President? We have set a ceiling within the law. We have set the age limits. We have specified the terms for which the men may be called into service. In other words, in connection with that law, we have exercised a check upon the exercise of power by the President of the United States by saying, in effect, that only within the prescribed framework, and within the prescribed restrictions imposed by Congress may the President exercise the authority contained in the law.

The VICE PRESIDENT. The time of the Senator from Indiana has expired.

Mr. CAPEHART. Mr. President, I yield myself 5 more minutes.

I may say in reply to the Senator from Oregon we have similarly imposed a limitation by restricting the President's power to a 90-day period. During that 90-day period, Congress, if it so desired, could repeal the act. We vest in the President the right to make certain suspensions or extensions, if in his opinion they should be made.

I should again like to call the attention of Senators to a chart which was prepared by a committee of the 80th Congress and which I hope all Senators will study. In the 80th Congress, a Republican committee, Mr. President, studied the entire question of controls, and on the basis of its study, recommended standby controls. That was as far back as the 80th Congress. I hope that Senators who concurred in the action at that time will let it be known at this time that they meant exactly what they said.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield to the Senator from Oregon, for a question.

Mr. MORSE. I am open-minded on the present issue. I am prepared to vote for the bill, provided there are sufficient restrictions imposed upon the President in the use of the powers to be conferred upon him. I think it is our duty to do that. So I ask the Senator from Indiana whether it is not true that the particular power which is proposed to be granted to the President for the 90-day period is a

complete and blanket power? Is it not true that it would place no restriction upon the President's exercise of the discretion conferred upon him for the period of 90 days? The Senator says that the President may declare whatever exemptions he may see fit, and that he may impose any restrictions he may care to impose, with the limitation, as pointed out by the Senator from New York and the Senator from Connecticut, that it shall be subject to the power of the Congress to act within the 90-day period. That, I think, must be admitted.

But the point I am thinking of at this time in connection with the Senator's proposal is that in the field of price and wage control it would confer an unchecked and wide-open discretionary power upon the President to do whatever he may want to do, within the period of 90 days, without any requirement that he shall first submit his recommendations to the Congress for approval. If congressional approval were required, the Senator's proposal would be in line with the constitutional theory of checks upon the Executive, which the Senator knows I follow, in regard to this particular point of constitutional law. But the present proposal is to delegate an unchecked discretionary power upon the President.

Mr. BUSH. Mr. President, will the Senator yield for an observation?

The PRESIDING OFFICER (Mr. THYE in the chair). Does the Senator from Indiana yield to the Senator from Connecticut?

Mr. CAPEHART. I yield.

Mr. BUSH. Is not the answer to the Senator from Oregon that it is not proposed to give unlimited power to the President, but only to confer authority upon the President to do certain things within a period of 90 days, during which time it is clearly presumed that the Congress would convene and would deal with the situation? We are discussing the granting of authority for a period of 90 days to a man who has spent his life in the service of his country, and who is not going to exercise the power in a manner which would be at variance with his whole record in the matter of exercising power.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Oregon.

Mr. MORSE. My reply to the Senator from Connecticut is that it is impossible to escape the fact that during the 90-day period the President could perform a great many acts which could become binding, in the sense of becoming vested. Let us face this political reality. Once certain interests became vested, it would be found that the Congress had made it very difficult to deal with the situation itself, in view of the existence of what might be considered to be vested rights.

Economic groups and interests would claim that they had come to rely upon the President's policies and decisions and that for Congress to change them after the 90-day period would constitute changing the rules in the middle of the game.

Mr. IVES. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield to the Senator from New York.

Mr. IVES. In the final analysis, Mr. President, does not this matter resolve itself into a question of whether we have confidence in the present President of the United States, and confidence also, in the present Vice President of the United States? It might be that it would require a few days before the Congress could act. It took the Congress all summer, it took the Congress 2 months, July and August, in 1950, to act. Certainly I think we should have sufficient confidence in the Chief Executive and in the Vice President of the United States to permit them to receive this authority. The chances are about 1,000,000 to 1 that one or the other of them would be free to exercise the authority, and we know they would use common sense in exercising it.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I may say our committee debated this question.

Mr. MORSE. I submit that we should be guided by the principle involved, rather than upon the basis of whether we have confidence in the President of the United States. On the latter basis, some of us most certainly could not vote to give the President any power because we do not have confidence in him.

The PRESIDING OFFICER. The Chair must advise the Senator from Indiana that his 5 minutes' time has expired. Does the Senator desire to yield himself 5 more minutes?

Mr. CAPEHART. Yes, I yield myself 5 minutes more.

The committee spent many weeks on this matter. Some of the members of the committee have been on the committee for a number of years. We felt it was our responsibility to call the attention of the Senate to the fact that price, wage, and rent controls would expire.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Is it not a fact that the whole purpose of the bill is to place wide open discretion in the President of the United States, but only in the event the Congress has been rendered impotent by the force of conditions and circumstances which we cannot foresee and over which we shall have no control? If the Congress is in session, or if it can be rapidly convened, is it not a fact that the Congress, under this bill, would have a complete right to cancel the discretionary powers given to the President, and that therefore no risk is involved? We are not yielding any principle, but we are recognizing, in view of the uncertainties and dangers of the present situation, which nobody can deny, that there should be placed in the hands of the Chief Executive of the United States the power to act, and to act promptly, not after a week, 2 weeks, or a month, but to act immediately to freeze prices and to prevent inflation?

Mr. CAPEHART. The Senator from New York, of course, is correct. Let us

lay the cards on the table. So far as the matter of principle is concerned Congress has violated it on a number of occasions. The question is, Does one believe that in time of grave emergency we need price, wage, and rent controls? If he does not think we need them in times of grave emergency, then he will vote against the committee proposal and for the Byrd amendment. If he feels that in time of grave emergency, when the United States Government is taking a huge percentage of our national production, that we must have price, rent, and wage controls, then he will vote for so-called title VIII.

I think that is the question, and every Senator has the right to make up his own mind. If a grave emergency should arise next October, and Congress, called into special session, would vote within 10 hours for a 90-day freeze, which I understand the opponents of the bill say they would do, what, then, is the difference in principle, whether it be done now or whether we wait until the emergency strikes? Personally, I shall not take the responsibility, as a United States Senator, so long as the Korean war is going on, of having no legislation on the statute books to protect the 160 million American people by price, wage, and rent controls in case of a grave emergency.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. Mr. President, Congress has a right to pass a law, and Congress by a concurrent resolution can abolish any controls the President may have established. So, with me, it is a question of principle. It has been said that if there is a threat of war, Congress can meet within 24 hours. But it usually takes a much longer time to pass a law. Congress can act by concurrent resolution.

Mr. CAPEHART. The able Senator is correct.

The PRESIDING OFFICER (Mr. THYE in the chair). The Chair must advise the Senator from Indiana that his additional 5 minutes' time has expired.

Mr. CAPEHART. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 15 minutes.

Mr. MORSE. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield myself 1 more minute. I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, the Senator from Indiana has made very clear what the issue is and what are the differences among us. I would point out that the difference between giving a blanket discretionary power to the President and retaining in the Congress in a time of emergency the right to prescribe what the restrictions shall be is the difference between Congress at that time approving or modifying proposed presidential restrictions when it has the facts before it, and giving now, far in advance of an emergency, blanket power without the facts before it.

Mr. CAPEHART. I understand the Senator would be more interested in detailed standby control than in a 90-day freeze.

Mr. MORSE. I am interested in requiring the President to come before the Congress and setting forth his program and obtaining approval from the Congress at that time.

Mr. CAPEHART. Does not the Senator realize that it would take days and possibly weeks to do it?

Mr. MORSE. Not if the basic assumption is correct that a grave emergency is existing. Congress will act very quickly under such circumstances.

Mr. CAPEHART. But it takes time to work out detailed legislation. It takes time to do these things. If we wait until the emergency hits, we do not have the time to frame proper legislation. In the meantime, we would be accelerating the very thing we want to control.

Mr. MORSE. The Senator missed my point. I shall vote for some kind of a bill for emergency controls, but in this bill there is no requirement that procedurally the President, before he issues an order, must obtain the approval of the Congress for it. He can have standby machinery in the meantime and get his recommendations ready, and he should have them ready when the emergency arises, and then get the approval of Congress for specific controls.

Mr. CAPEHART. That is a detail.

Mr. MORSE. It is a principle of great importance. It is the principle of exercising a constitutional check upon the danger of arbitrary discretionary, capricious power exercised by any President.

Mr. CAPEHART. Mr. President, I yield 10 minutes to the Senator from Maine [Mr. PAYNE].

The PRESIDING OFFICER. The Senator from Maine is recognized for 10 minutes.

Mr. PAYNE. Mr. President, it seems to me that we are losing sight of the fact that this is only a standby measure. It is primarily and basically proposed legislation which would place in the hands of the President, in the event of a grave national emergency, the power to freeze across the board the economy of the Nation. Why there should be so much concern about the provisions of the bill enabling the President to have such power is far beyond my comprehension.

I should like to invite the attention of the Members of this body to the fact that in the 81st Congress an emergency provision was enacted into law in the Civil Defense Act, which certainly provides broader powers than those which are specified by the terms of title VIII of this particular bill.

Let me read, if I may, the provisions which were enacted into law, without one dissenting voice being raised on the floor of the Senate, so far as I have been able to determine from the RECORD:

The provisions of this title shall be operative only during the existence of a state of civil-defense emergency (referred to hereinafter in this title as "emergency"). The existence of such emergency may be proclaimed by the President or by concurrent resolution of the Congress if the President in such proclamation, or the Congress in such resolution, finds that an attack upon the United States has occurred or is anticipated and that the national safety therefor requires an invocation of the provisions of this title. Such emergency also shall exist with respect to any designated geographic area or areas

of the United States when the President determines that any such attack has been made upon or is anticipated within such area or areas, and directs the Administrator to proceed pursuant to the provisions of this title with respect to such area or areas.

Mr. President, that is a pretty broad provision. Why was it enacted? Because, at the outbreak of the Korean conflict, we knew that an aggressor nation possessed atomic bombs and planes with which to carry them to strategic points. I am sure the distinguished Members of this body will recognize that we are not facing the situation which confronted us in World War I or World War II, when we could stand by and wait for conflicts to take place on other soil, and we could use our productive might and the might of our manpower in sending aid and help to those oppressed nations to meet the aggressor.

Today we are faced with a situation in which I am sure no aggressor nation will make the same mistake which was made twice, of permitting the productive power and the manpower of this Nation to be mobilized in sufficient force to put down an act of aggression elsewhere, but rather the strike will be made here at home to demoralize the people of this Nation suddenly and without warning.

That is the reason, Mr. President, for the broad powers granted by the Civil Defense Act. That is the only reason why the members of a Banking and Currency Committee, who, to a person, stood in defiance of the continuation of wage and price controls at the present time, believe that the economic welfare and safety of the United States can best be preserved in the grave situation which exists today, by placing the authority in the man who serves as the Chief Executive so that he may act rapidly and not delay in the event our economic well-being should suddenly be upset and there should be created a vicious spiral of inflation, bringing disaster to the economy of America.

I trust the Members of the Senate will give full credence to the importance of this proposed legislation and see it to that no further restrictions other than those embodied in Senate bill 1081 shall receive the approval of this body.

Mr. BYRD. Mr. President, I yield 2 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, certainly it is not for me to say what is good Republican doctrine, but it is very interesting to listen to the conflicting Republican doctrines being enunciated on the Senate floor today.

I thought the Republican Party stood against giving to any President unchecked discretionary power, even for an hour. I thought it was sound Republican philosophy to hold that Congress should exercise its power under the check and balance system of the Constitution, on the President of the United States, and, under the Corwin theory, require that he submit to Congress for confirmation and approval in advance his proposals for the exercise of extraordinary executive power.

My position on the bill is consistent with the position I have taken on the

question of executive power for 8 years in the United States Senate. Time and time again I have pleaded that Congress keep a check on the President of the United States. That is why, in the Steel case, I took the position that on the day after the seizure the President ought to have come to Congress and obtained congressional approval of his action. In fact I favored the President seeking congressional approval even before seizure. I take the position that we need some standby machinery for the preparation of this country for emergencies, but the President ought to get the approval of Congress before he put the machinery into operation at the time of an emergency.

It would be a very simple matter for the President of the United States to lay before Congress, on a day's notice, if he were properly prepared for the emergency, his proposals as to what restrictions on wages, prices, and credits he desired to impose. Let him present those proposals, and if the emergency is a serious one, he can count upon the Congress to act, and act quickly.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. Not until I have finished.

Mr. President, the danger in this proposal is that we would give the President of the United States 90 days in which to act. If we give the President that authority, the argument on the floor of the Senate will be, "Let us see how things work out. Let us give the President a chance."

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. Not at the moment. In that 90-day period, the President will by his decisions create such vested rights on the part of economic interests that, in my judgment, Congress will be handcuffed, so far as changing the action of the President is concerned.

If the Senate wishes to vote unchecked discretionary power to the President, let it do so but it is my position that he should be required to obtain congressional approval in advance of putting into operation any specific program of controls even for 90 days.

The VICE PRESIDENT. The time of the Senator from Oregon has expired.

Mr. MORSE. May I have 1 more minute, in order that I may answer a question which the Senator from Illinois desires to ask me?

Mr. BYRD. I yield 1 minute to the Senator from Oregon.

Mr. MORSE. Let the program be worked out before the President is given the power. Let him get the machinery set up; then let him come to Congress with his recommendations, and Congress can act quickly.

I yield to the Senator from Illinois.

Mr. BYRD. I wish to make it clear that I have yielded only 1 additional minute.

Mr. DOUGLAS. I wish to ask the Senator from Oregon if he has ever considered the possibility that there may not be a legally constituted Congress after a smash atomic attack which

might wipe out the majority of the Members of the House and Senate?

Mr. MORSE. There may not be a legally elected President, or successor to the President, if we are to engage in that kind of speculative argument. We have to proceed on the assumption that our Government still will be standing.

The VICE PRESIDENT. The time of the Senator from Oregon has expired.

Mr. BYRD. I yield 2 minutes to the Senator from Arizona [Mr. GOLDWATER].

Mr. GOLDWATER. Mr. President, in answer to the distinguished Senator from Illinois [Mr. DOUGLAS], let me say that during my very short term in this very august body it has been my observation that an atomic bomb could be dropped on the Capitol at any time, and still a quorum could be gathered. [Laughter.]

I am glad the Senator from New York has brought up the question of principle, because I have contended, along with other Members of the minority, that that point has been entirely missed during the discussion in the committee and the debate on the floor. We are talking about a principle. We are talking about the principle of whether or not our free-enterprise system will work. Yes, it works beautifully, we say, in times of peace. It has given us the greatest economic strength in the history of the world. But let a little emergency arise, or let a war come, and repeatedly the Government begins to tamper with the machinery that has made us strong.

I think the principle involved is whether or not we, as a legislative body, should tamper with the free economy that has made this country great. Senators might ask me, In what way are we tampering? My answer is that if we enact section 801, we will hang over the head of the economy of the Nation a weight in the form of controls.

The Senator from New York [Mr. LEHMAN], who is a businessman, knows that businessmen who anticipate trouble take steps to protect themselves against such a prospect.

What, I ask, is going to be the inception of an emergency? Is it going to be caused by the next man who inadvertently walks across the Russian line in East Germany? Will it be the next plane that wanders off its course and is shot down? No businessman in this country is going to know what will constitute an emergency.

Repeated testimony has been offered in the attempt to show that Congress can stop inflation.

The VICE PRESIDENT. The time of the Senator from Arizona has expired.

Mr. BYRD. I yield another minute to the Senator from Arizona.

Mr. GOLDWATER. Congress can stop inflation. Let us stop mincing words about controlling prices, wages, and rents. Inflation is only the result.

In Congress has the courage to do so, it can stop inflation. I was almost dumbfounded the other day when 20 Members of the House and Senate asked the Government to give an impetus to inflation by requesting the Federal Reserve Board to peg prices up. It is that

kind of activity in the Halls of Congress that has repeatedly increased the velocity of inflation. When we realize the symptoms, when we recognize that inflation can be controlled, then, Mr. President, we can stop inflation, and prevent the terrible things it does to the economy of our country. But let us not for political purposes say we are going to protect the people of the Nation by regulating wages, prices, and the other orderly processes of the economic system.

Mr. CAPEHART. Mr. President, I yield myself 1 minute.

The VICE PRESIDENT. The Senator from Indiana is recognized for 1 minute.

Mr. CAPEHART. Much has been said about giving the President unlimited power, so that he can do the things indicated. The Senator from Arizona referred to the shooting down of an airplane. Let me read the language of the bill:

The President is authorized and directed, whenever he shall find and declare that a grave national emergency exists and that the exercise of such authority is necessary in the interest of national security and economic stability.

If Senators have any confidence in the President of the United States, then they will vote, in my opinion, to give him this authority. If they do not have confidence in him, if they think he is the kind of man who will declare a grave emergency because a plane is shot down somewhere, they will vote against the bill.

Mr. IVES. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. IVES. Is it not true that this power will exist for only 2 years?

Mr. CAPEHART. It is true that this power will exist for only 2 years, and the authority will be for only 90 days, if the President declares a grave national emergency.

The VICE PRESIDENT. The time of the Senator from Indiana has expired.

Mr. CAPEHART. I yield 3 minutes to the able Senator from New York [Mr. LEHMAN.]

Mr. LEHMAN. Mr. President, I was very much interested in the remarks made by the Senator from Arizona [Mr. GOLDWATER]. I think he misses the point. We are not trying to enact a bill which will affect the normal economy of the country. Of course, the Senator is right with regard to the procedure under a normal economy. This bill, however, would be applied only in time of threat of the gravest emergency man can conceive. If we did not believe there was a grave emergency, we would not be appropriating \$45 billion, \$50 billion, or \$55 billion a year for defense purposes. The idea is to provide for action in a grave emergency, at a time when it is perfectly conceivable that Congress would not only be rendered impotent, but actually might not exist or when it might not be possible to call Congress together, because one well-placed bomb might wipe out the greater part of the Congress. Let me point out that Members of the other House cannot be replaced by appointment, as Members of the Senate can by appointment of the

governors. In my own State of New York it takes a minimum of 30 days before a special election can be held. I was surprised to hear the distinguished majority leader give as one of the reasons why he is opposed to the bill the fact that the President of the United States would be placed under great pressures. That would imply that the distinguished majority leader would fear that the President would yield to pressures. If that is his fear, I do not share it. I voted against the present President of the United States, and I campaigned against him. But he is the President of the United States, and I have full confidence that in the event of an emergency, he will do his duty as President of the United States.

It seems strange and unusual that I should be defending the good faith, the strength, and the courage of the present President of the United States, while Senators who are members of his own party, including the majority leader, should be impugning those attributes. It is an astonishing and arresting situation.

The VICE PRESIDENT. The time of the Senator from New York has expired.

The Senator from Indiana [Mr. CAPEHART] has 3 minutes remaining.

Mr. CAPEHART. Mr. President, I think we are finished, if the able Senator from Virginia is. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CAPEHART. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Griswold	McCarthy
Barrett	Hayden	McClellan
Beall	Hendrickson	Millikin
Bennett	Hennings	Monroney
Bricker	Hickenlooper	Morse
Bridges	Hill	Mundt
Bush	Hoey	Neely
Butler, Md.	Holliand	Pastore
Byrd	Humphrey	Payne
Capehart	Hunt	Potter
Carlson	Ives	Purtell
Case	Jackson	Robertson
Chavez	Jenner	Saltonstall
Cordon	Johnson, Colo.	Schoeppel
Daniel	Johnson, Tex.	Smathers
Dirksen	Johnston, S. C.	Smith, Maine
Douglas	Kefauver	Smith, N. J.
Duff	Kennedy	Sparkman
Dworshak	Kilgore	Stennis
Eastland	Knowland	Symington
Ferguson	Kuchel	Taft
Flanders	Langer	Thye
Frear	Lehman	Tobey
Fulbright	Long	Watkins
George	Magnuson	Weiker
Gillette	Malone	Wiley
Goldwater	Mansfield	Williams
Gore	Martin	Young
Green	Maybank	

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the amendment, No. 5-8-53-B, offered by the Senator from Virginia [Mr. BYRD] to the committee substitute, as modified.

On this question the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Nebraska [Mr. BUTLER] is necessarily absent and the Sen-

ator from Kentucky [Mr. COOPER] is absent on official business. The Senator from Kentucky is paired with the Senator from Louisiana [Mr. ELLENDER]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from Louisiana would vote "yea."

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Oklahoma [Mr. KERR], the Senator from Georgia [Mr. RUSSELL], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate on official business.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Montana [Mr. MURRAY] are absent by leave of the Senate.

I announce further that on this vote the Senator from Louisiana [Mr. ELLENDER] is paired on this vote with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Kentucky would vote "nay."

I announce also that on this vote the Senator from Montana [Mr. MURRAY] is paired with the Senator from North Carolina [Mr. SMITH]. If present and voting, the Senator from Montana would vote "nay," and the Senator from North Carolina would vote "yea."

I announce further that, if present and voting, the Senator from Kentucky [Mr. CLEMENTS] would vote "nay."

The result was announced—yeas 45, nays 41, as follows:

YEAS—45

Aiken	Ferguson	McCarthy
Barrett	Frear	McClellan
Bennett	George	Millikin
Bricker	Goldwater	Morse
Bridges	Griswold	Mundt
Butler, Md.	Hendrickson	Potter
Byrd	Hickenlooper	Purtell
Carlson	Hoey	Schoeppel
Case	Jenner	Smith, Maine
Chavez	Johnson, Colo.	Stennis
Cordon	Knowland	Taft
Daniel	Kuchel	Thye
Dirksen	Long	Watkins
Dworshak	Malone	Weiker
Eastland	Martin	Williams

NAYS—41

Beall	Humphrey	Monroney
Bush	Hunt	Neely
Capehart	Ives	Pastore
Douglas	Jackson	Payne
Duff	Johnson, Tex.	Robertson
Flanders	Johnston, S. C.	Saltonstall
Fulbright	Kefauver	Smathers
Gillette	Kennedy	Smith, N. J.
Gore	Kilgore	Sparkman
Green	Langer	Symington
Hayden	Lehman	Tobey
Hennings	Magnuson	Wiley
Hill	Mansfield	Young
Holland	Maybank	

NOT VOTING—10

Anderson	Ellender	Russell
Butler, Nebr.	Kerr	Smith, N. C.
Clements	McCarran	
Cooper	Murray	

So Mr. BYRD's amendment was agreed to.

Mr. BYRD. Mr. President, I offer and ask to have stated a perfecting amendment which is made necessary by the amendment the Senate has just

adopted. The amendment is offered to the committee substitute as modified.

The VICE PRESIDENT. The amendment offered by the Senator from Virginia to the committee substitute as modified will be stated.

The CHIEF CLERK. In the committee substitute as modified, at the bottom of page 24, in section 606, after the word "President" in the fourth line of that section, it is proposed to strike out "has found and declared under section 801 of this act that a grave national emergency exists and"; and before the semicolon in the seventh line of that section, to strike out the words "such section," and insert in lieu thereof "section 801 of this act."

Mr. BYRD. Mr. President, in explanation of the amendment I now offer to the committee substitute as modified, let me say that section 801 as reported provided that the temporary freeze should come into operation when the President finds and declares that a grave national emergency exists and that the exercise of the authority is necessary in the interest of national security and economic stability. My amendment to section 801 provides in effect that before the authority may be exercised under title VIII, the Congress must make such finding and declaration or the United States must have declared war against a foreign nation. My amendments to the new section 606 reported from the committee eliminate the reference to a finding and declaration by the President. That will make section 606 consistent with section 801. This is a perfecting and technical amendment.

Mr. CAPEHART. Mr. President, we have no objection to the amendment offered by the Senator from Virginia to the committee substitute as modified.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Virginia to the committee substitute as modified.

The amendment to the committee substitute as modified was agreed to.

Mr. FERGUSON. Mr. President, to the committee substitute as modified, I call up my amendment identified as "5-13-53-E."

The VICE PRESIDENT. The amendment offered by the Senator from Michigan to the committee substitute as modified will be stated.

The CHIEF CLERK. On page 21 of the committee substitute as modified, it is proposed to strike out lines 5 to 10, inclusive, and in lieu thereof to insert the following:

(d) The term "national defense" means programs for military and atomic-energy production or construction, military assistance to any foreign nation and stockpiling.

Mr. FERGUSON. Mr. President, I yield 10 minutes to myself.

The PRESIDING OFFICER (Mr. Bush in the chair). The Senator from Michigan is recognized for 10 minutes.

Mr. FERGUSON. Mr. President, as reported to the Senate, the committee amendment on page 21, in section 10, reads as follows:

(d) The term "national defense" means the operations and activities of the Armed Forces, the Atomic Energy Commission, or

any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with foreign economic or military assistance programs.

It is the purpose of my amendment to the committee substitute as modified to amend that provision, so as to define the term "national defense" to mean "programs for military and atomic-energy production or construction, military assistance to any foreign nation, and stockpiling."

Mr. President, at the time when I submitted the amendment, I presented some facts which are already in the RECORD, so I shall not repeat them at this time.

I wish to say, further, that the priorities and allocation powers in Senate bill 1081 are substantially the same as those of World War II. We have debated at considerable length standby powers for prices and wages. At the same time, we are currently granting much broader allocation and priorities powers than are necessary. These powers are not standby powers, but are a present grant of very broad powers to the Executive. If it is unsound to grant standby powers today, by the same token it is even more unsound to make a current grant of powers that are unnecessary today.

That the allocation and priority powers contained in Senate bill 1081 are substantially the same as those of World War II is evidenced by the following quotations:

World War II powers were granted as follows:

Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any material for defense or for private account or for export, the President may allocate such material in such manner and to such extent as he shall deem necessary or appropriate in the public interest and to promote the national defense.

Section 101 (b) of Senate bill 1081 reads in part:

The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, or—

In effect, it was provided in both instances that where there is a shortage of a material, it may be allocated. While subsection (b) of section 101 in Senate bill 1081 may have been intended to impose a far greater limitation on the allocation powers, in fact it does not do so, but merely adds the requirement that the material be "scarce," which is similar to short supply.

It has always been contrary to the American concept of government for the legislature to grant powers to the Executive in excess of those actually required. It has always been contrary to the American way of life to impose controls of any kind where they are not needed. The President in his inaugural address expressed this concept very distinctly and clearly when he said:

But we are concerned with the encouragement of competitive enterprise and individual initiative precisely because we know

them to be our Nation's abiding sources of strength.

Conditions have changed very markedly since June of 1950, and since the days of World War II. We are not in an all-out war, nor do we have the speculative psychology today that prevailed in 1950. In fact, we have stemmed the tide of inflation. A tremendous increase in the capacity of certain industries has occurred since 1950. At the same time military demands have, at least, reached a plateau, if they have not diminished. Today we only need give the military and AEC priority in their orders, so they are assured that their orders will be promptly filled. General control through complete allocation of materials is limited to a handful of materials, like nickel. Should the tail wag the dog? Should the shortage of nickel and a few other materials prompt us to make this very broad grant of life and death powers over our entire production?

The answer seems clearly to be "No." The amendment limiting the definition of "national defense" in a clear, concise, and simple manner limits the scope of the act to its proper proportions and those that are required today. This limited definition makes it clear beyond dispute or misinterpretation that no controls over our entire industry are intended. Allocations in the civilian economy are clearly limited to those very rare cases, like nickel. The administration receives the assistance for military and AEC procurement that it desires. We live up to our best American tradition and do not leave on our statute books a framework for socialism.

We also take care of one of the greatest weaknesses of any priorities system. Whenever we stop short of complete controls on any material, there are always groups who feel that they should receive a top priority. In 1951 it was these pressure groups that broke down the priorities system, and finally resulted in the adoption of the controlled materials plan. This was pointed out on the floor of the Senate on May 13. The limited definition would clearly prevent such an occurrence again.

Mr. President, the only purpose of the amendment is to define the term "national defense." The amendment proposes to define it as meaning the "programs for military and atomic energy production or construction, military assistance to any foreign nation, and stockpiling." That, of course, would include directly related activities. Therefore, it would clearly mean programs for military and atomic energy production or construction, military assistance to any foreign nation, and stockpiling, and directly related activities. I hope the amendment will be accepted.

Mr. CAPEHART. Mr. President, the able Senator from Michigan discussed this amendment with me yesterday, and we talked it over with the General Counsel for the Office of Defense Mobilization. The committee considered the language contained in the bill very carefully, and, if my memory serves me correctly, it was accepted by unanimous consent. Therefore I am not in a position to accept the amendment of the

Senator from Michigan without a vote.

The language written into the bill by the committee gives the President of the United States the right to see that all Military Establishments receive all the material they need. If, in the opinion of the President, after they shall have received all they need, there is not sufficient to meet all civilian needs, he may allocate the remainder. We are met by the question which was raised by the able Senator from Michigan, as to whether we should provide for allocations to certain categories of industry not related to the military.

Under the amendment of the able Senator from Michigan, the President might be denied the right, for example, to allocate materials for the building of machinery with which to mine certain critical materials, or he might be denied the right to allocate materials for certain petroleum or oil production, or to allocate materials to any other indirect industry that might be deemed necessary to the support of the Military Establishment.

There is not too much difference between what the able Senator from Michigan proposes and the language reported by the committee. But in talking with the general counsel of the Office of Defense Mobilization, I learn that he much prefers that we retain the language as it is.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. CAPEHART. I am very glad to yield to the Senator from Michigan.

Mr. FERGUSON. The Senator referred to the allocation of materials for the building of machinery with which to mine certain critical metals. That certainly would be directly related to the activities of the military. I should be glad to modify my amendment by adding to it the words, "and directly related activities." There could then be no question. The difficulty in employing the word "indirect" is that it would be opening the door to pressures for priorities, on the part of groups from every known and conceivable industry. What I think we should do is to limit the definition contained in the bill so that it may be perfectly clear to those administering the act, and so that they would not be subject to pressures. The purpose is to give priority in the matter of the national defense; and the bill clearly so indicates.

Mr. President, I ask that I be permitted to amend my amendment E, in line 3, by changing the period to a comma, and adding, after the word "stockpiling," the words "and directly related activities." I have always considered that to be within the meaning of the language of the amendment as drafted, but, in order to make it abundantly clear, I ask permission to modify my amendment in that respect.

The PRESIDING OFFICER. The Senator from Michigan may modify his amendment.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I am glad to yield to the Senator from Iowa.

Mr. HICKENLOOPER. I have a question which I should like to address both

to the Senator from Michigan and to the Senator from Indiana, if I might have the courtesy of an answer from each of the Senators on this matter.

The PRESIDING OFFICER. To whom is the time to be charged?

Mr. CAPEHART. Mr. President, I suggest that the time be divided equally.

Mr. FERGUSON. That will be satisfactory to the Senator from Michigan.

Mr. HICKENLOOPER. Both the committee provision and the amendment offered by the Senator from Michigan include within their verbiage language relating to atomic production. I should like assurances from the Senator from Michigan as to whether there is anything in his amendment which could in the slightest degree be interpreted as authorizing the President, or any other authority, under any circumstances, to allocate or deliver atomic or fissionable materials, or equipment for their use, to any foreign government, or into the charge of any foreign government, at any time, under circumstances opposed to the present restrictions and provisions of the Atomic Energy Act of 1946.

Mr. FERGUSON. I answer that question by saying it is neither the intent nor is it within the scope of the language to in any way whatever modify the Atomic Energy Act of 1946 so as to permit the President—

Mr. HICKENLOOPER. Or anybody else.

Mr. FERGUSON. Or anybody else, to deliver any of the material mentioned in the Senator's question.

Mr. HICKENLOOPER. Or to authorize the Atomic Energy Commission to do so?

Mr. FERGUSON. Or to authorize the Commission or anyone else to do so.

Mr. HICKENLOOPER. I would inquire of the Senator from Indiana what the amendment of the committee includes along that line.

Mr. CAPEHART. It certainly does not give the President authority, or more authority than he now has, with respect to atomic materials. It was not the intention of the committee to violate any law, or to give the President authority that he does not presently have, or in any way to broaden the scope of his authority. That was not the intention, under the wording of the bill. In the discussions in the committee no thought was given to that idea.

Mr. HICKENLOOPER. The burden of my inquiry is whether, either in the committee proposal or in the amendment offered by the Senator from Michigan, there is any thought or intention of modifying the existing prohibitions contained within the Atomic Energy Act of 1946, or to enlarge the power or authority of the President, or of any other public official, to make available to other nations any atomic materials, fissionable or otherwise, for the use of those nations.

Mr. CAPEHART. I assure the Senator there is no such intention.

Mr. FERGUSON. I repeat, it was neither the intent nor was it the meaning of the language employed in my amendment.

Mr. HICKENLOOPER. I thank the Senator from Michigan and the Senator from Indiana.

The PRESIDING OFFICER (Mr. BUSH in the chair). The question is on the amendment of the Senator from Michigan [Mr. FERGUSON] as modified. The clerk will state the amendment, as modified.

The LEGISLATIVE CLERK. On page 21, it is proposed to strike out lines 5 to 10, inclusive, and in lieu thereof, to insert the following:

(d) The term "national defense" means programs for military and atomic energy production or construction, military assistance to any foreign nation and stockpiling, and directly related activities.

The amendment as modified was agreed to.

Mr. FERGUSON. Mr. President, I wonder whether the Senator from Indiana would allow me to ask him some questions, in order that we may clear up certain matters connected with the pending bill.

Mr. YOUNG. Mr. President, I call up an amendment offered by the Senator from Kansas [Mr. SCHOEPPEL] and myself, which, is designated "5-12-53-C," and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed, on page 24, line 5, after the period, to insert the following:

Notwithstanding the foregoing, (A) the ceiling level for any agricultural commodity shall be the higher of (i) the level specified in the foregoing provision, or (ii) the parity price for the commodity determined and adjusted for grade, location, and seasonal differentials by the Secretary of Agriculture, and (B) the ceiling level for any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall be the higher of (i) the level specified in the foregoing provision, or (ii) such level as will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the ceiling level specified therefor in this sentence.

Mr. YOUNG. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 30 minutes.

Mr. YOUNG. I yield 5 minutes to the Senator from Michigan [Mr. FERGUSON].

Mr. FERGUSON. Mr. President, I should like to ask some questions of the Senator from Indiana [Mr. CAPEHART], who is chairman of the committee. Subsection (c) of section 701 provides for allocation of materials for "newly acquired operations." I should like to find out, for purposes of interpretation, because there is some doubt or ambiguity, the interpretation on the floor aids in the construction of the words, whether this means that the operation must be completely foreign to the normal course of business of an established manufacturer?

Mr. CAPEHART. No. It means any newly acquired operation in its broadest sense.

Mr. FERGUSON. Does the Senator mean, then, that a manufacturer who has been in the habit of purchasing certain component parts might elect to manufacture such component parts and

be entitled to a fair and reasonable share of total authorized production with respect to such parts?

Mr. CAPEHART. That was the intention of the committee, and I think the language so states.

Mr. FERGUSON. Does the term "newly acquired operations" apply to a new product?

Mr. CAPEHART. It certainly does.

Mr. FERGUSON. To constitute a new product, is it necessary that the product be of a completely new type to the manufacturer thereof?

Mr. CAPEHART. I would not think so. I should think any new operation or new product acquired either from the outside or within the plant would be included.

Mr. FERGUSON. Would a new series of automobiles produced by an automobile manufacturer in addition to and not in substitution for other series produced by the same manufacturer qualify as a "new product"?

Mr. CAPEHART. It certainly would.

Mr. FERGUSON. Would a deluxe or stripped-down line of automobiles introduced by a manufacturer which are basically the same in design, wheelbase, or performance, as other automobiles of the same manufacturer, constitute a "new product"?

Mr. CAPEHART. It might not. I question that very much.

Mr. FERGUSON. Does the Senator mean, then, for instance, that an automobile of substantially different wheelbase than other series manufactured by an automobile manufacturer would classify as a "new product"?

Mr. CAPEHART. Yes. Under the language and the intention of the committee such a line would so qualify.

Mr. FERGUSON. Would an automobile which represents merely a model change which historically and customarily takes place in the automobile industry constitute a "new product"?

Mr. CAPEHART. I do not think it is intended that a model change, without being a new model, would be included.

Mr. FERGUSON. Mr. President, I thank the Senator from Indiana, and I wish to thank the Senator from North Dakota for yielding to me.

Mr. YOUNG. Mr. President, it will take only a few minutes to explain the intent of the amendment Senator SCHOEPPPEL and I have offered.

As I understand the pending bill, it would permit the President of the United States, or whoever he may designate, to freeze prices, at the time he issues his order, at whatever level prices happen to be at that time. If the provisions of this bill were put into effect at the present time, they would impose an injustice on producers of farm products. For example, at the present time the prices of industrial goods are at an all-time high. Wages, too, are at an all-time high, but the prices of agricultural commodities have been declining for approximately 5 years. At the present time they are considerably below what is deemed by the Federal Government to be fair prices.

I should like to quote the average prices of some of our major agricultural

commodities as of April 15, 1953. The source of my figures is the United States Department of Agriculture. I read:

	Average farm price	Percent of parity
Wheat.....	\$2.08 per bushel.....	85
Corn.....	\$1.46 per bushel.....	82
Cotton.....	\$0.31 ⁴ / ₁₀₀ per pound.....	92
Butterfat.....	\$0.65 ¹ / ₁₀ per pound.....	89
Beef cattle.....	\$17.30 per hundredweight.....	82
Hogs.....	\$20.70 per hundredweight.....	102
Chickens.....	\$0.27 ¹ / ₂ per pound.....	89
Eggs.....	\$0.45 ¹ / ₂ per dozen.....	110
Soybeans.....	\$2.81 per bushel.....	101
Oats.....	\$0.76 ³ / ₁₀ per bushel.....	86
Barley.....	\$1.30 per bushel.....	96
Rye.....	\$1.49 per bushel.....	83
Flaxseed.....	\$3.57 per bushel.....	79
Apples.....	\$3.29 per bushel.....	118
Oranges.....	\$1.34 per box.....	41
Potatoes.....	\$1.34 per bushel.....	82

Mr. President, it will be noted from those figures that agricultural prices are rather uneven at the present time, as is often the case. If, for example, prices were frozen at their present level, it would be up to the President of the United States, I suppose, to appoint a commission to establish prices, and it would probably take a long time to secure any adjustments. I think it would be most unfair to agriculture, and certainly detrimental to production in time of emergency, to free farm prices at the lowest level at which they have been in 5 years, and to freeze the prices of industrial goods and the wages of labor at the highest point at which they have been in their history.

I am wondering if the distinguished Senator from Indiana, who is a very good friend of agriculture, would accept this amendment and take it to conference.

Mr. CAPEHART. The Senator from North Dakota understands that under the 90-day freeze the President has a right to make extensions, and he certainly would not freeze agricultural products below parity when there is a law at the present time directing him to guarantee parity. I do not have any particular objection to the amendment. I may suggest, however, that we now seem to be facing the same kind of a situation we are likely to confront in the event of a national emergency. We are having a little example of how much time it takes to pass a control bill. It is very complex. The Senator is asking that we now write his amendment into the 90-day freeze provision. I have no objection, but I cannot accept the amendment because 12 of the 15 members of the committee directed me as chairman of the committee to report the bill as it is, which I did. I do not feel that I can accept the Senator's amendment. I am certainly in sympathy with it. I am just as certain as I am that I am standing here that if the bill becomes law and the President should, as a result of a grave national emergency, invoke the 90-day freeze, he will not freeze agricultural products below parity, because there is a parity law in existence at the present time providing for the Government's loading up to 90 percent. Furthermore, this measure is only for a 90-day period.

I am a great believer in 90 percent parity for the farmers, as the Senator

knows. I think the prosperity of the Nation depends upon farm prosperity. I have always been a supporter of parity, and I shall continue to be a supporter of it.

The question now arises, in connection with all the amendments which are to be offered, Do we wish to write a detailed bill on the floor of the Senate, or are we interested, as I thought we were, and as I think we ought to be, in giving the President the right, in case of a grave national emergency, to freeze wages and prices for a short period of time, until Congress itself can decide what ought to be done? That is what out 90-day freeze feature does. That is exactly what title VIII does. It enables the President, in case of a grave national emergency, to hold the line until Congress can write detailed legislation if, in the opinion of Congress, it is advisable to do so. Congress might decide that no controls were needed. If they should so decide, the 90-day freeze would be off. It is simply a question whether the Senate wishes to begin writing detailed legislation into the 90-day freeze provision.

For all practical purposes, since the Byrd amendment has been agreed to, a declaration of war or a concurrent resolution by Congress would now be required to put the freeze into effect. At that time Congress, if it wished to do so, could declare a 90-day freeze. Or it could put it into effect by a concurrent resolution, which would be debatable, and likewise Congress could act upon what the able Senator from North Dakota is recommending.

I do not think the amendment would add much to the bill one way or the other. Personally I have no objection, but, as chairman of the committee, I cannot accept the amendment in the light of my instructions from the committee.

Mr. YOUNG. Mr. President, I wish I had as much faith in the Government as has my good friend, the Senator from Indiana. I am afraid that if the provisions of the pending bill were put into effect, notwithstanding that both political parties have promised farmers 100 percent of parity in the market place or otherwise, it might me many months before the farmers' ceiling prices were permitted to go up even to 100 percent of parity. I think this is a provision very similar to that which was in the previous act.

Mr. CAPEHART. I feel very strongly that the administration and Congress, jointly, should decide exactly what should be done and should spell out what they intend shall be done in case of great national emergency in the future. We ought not to wait until an emergency strikes us and then argue afterward, and hold hearings for many weeks on literally thousands of thousands of subjects, while in the meantime, prices are going up, up, and up, and we are getting more and more inflation.

The problem is very complex. The Senate voted this afternoon that the 90-day freeze can not become effective unless there shall be a declaration of war or a concurrent resolution of both Houses. It seems to me that, under those

circumstances, when Congress is voting upon the concurrent resolution, or when it is voting upon a declaration of war, it can protect farm prices as they should be protected.

I agree with the able Senator from North Dakota that farm prices should be protected. The question is simply whether we wish to make such provision in this bill. I have no objection to having a vote upon the question. I think that in many respects the amendment is meaningless, now that the Senate has denied the President the right to pull the trigger, and has provided that Congress will take action either by concurrent resolution or by a declaration of war.

I do not see that much can be gained by amending title VIII one way or the other; in fact I do not see how anything can be gained, because, in my opinion, the amendment is largely ineffective and meaningless as it now stands.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. WATKINS. I think I agree with the Senator from North Dakota [Mr. Young] with respect to the delays which will come about in trying to adjust prices or make decisions on prices, such as farm prices. Farm prices now are going down, as the Senator from Indiana knows. In many instances, they are below the cost of production, and farmers are in distress. There is no doubt about that. So it would seem to me to be unfair to farmers to have a freeze in prices come about, even after a declaration of war, without having in the law a provision which would give them immediate relief, or place them in a position whereby relief could be had immediately.

Mr. CAPEHART. Under the proposed act, the President would have a right and would have broad powers to adjust or exempt, and I am sure that he would act with careful discretion. Certainly he would not at the moment freeze farm prices below parity, when the law requires that he maintain parity by loans to the farmers on many of their products—not all of them, but many of them.

Mr. WATKINS. There is always a way to consume time in making adjustments. What we are complaining about is the adjusting period. There is always a way to delay that matter to a point where great damage could be done.

Mr. CAPEHART. I understand the subject to which the Senator is now alluding. Let us pray that such a time will never come. But if a grave emergency shall arise, it will take many days of debate and hearings to provide proper controls, because it is a complex problem. I have been through such a situation twice. I know of the long hours and the many days and night that I worked on the problem. The matter of controlling prices and wages is not an easy one. The committee was very conscientious and sincere in their efforts. We have presented the whole problem to the Senate and to the people, giving

them what we thought was our best judgment, based upon experience.

I suggest that it might be a better plan if the Senate were to vote upon the question whether or not Senators wish to place in the bill a provision directing the President that, should he freeze prices on agricultural products, he could not freeze them below parity.

Mr. WATKINS. I think that ought to be done, because such a provision would take the pressure off the President, and would put the policymaking power in the hands of Congress, where it should be. I think that is what should be done.

Mr. CAPEHART. I call attention to the fact that if we do that, engineers, barbers, beauticians, these of every other calling will come before Congress seeking exactly the same treatment. When they achieve that objective, we will end up with a detailed bill. I am certain that there is proper protection in the language of the bill, because I am sure the President would not, under any circumstances, freeze farm prices below parity, when he is required and mandated under the law to maintain parity. I simply cannot conceive of any President not having that much common sense. At least, he would have good business sense, and good business sense would dictate that he could not freeze prices below parity when the law mandates that he maintain prices at parity. I do not see how he could possibly act contrary to the law. That is why we should give the right to the President to make exemptions and adjustments. There is no question that flexibility is always needed.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. YOUNG. I agree that the President is strong for the policy of having the farmer receive 100 percent of parity. That being his position, I see no objection to having the bill contain a provision that prices cannot be frozen below parity, or below what is deemed to be a fair price.

The Senator from Indiana referred to beauticians and barbers. I think that the prices of their services are at an all-time high, as are the wages of almost everyone else.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment on the Senator from North Dakota [Mr. Young] to the committee substitute as modified.

The amendment to the substitute as modified was agreed to.

Mr. FERGUSON. Mr. President, I call up my amendment designated "5-13-53-G," and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 23, line 23, it is proposed to strike out the words "the levels" and in lieu thereof insert "those."

Mr. FERGUSON. This subject was debated on a previous occasion.

Mr. CAPEHART. Mr. President, I have discussed this subject with other

members of the committee, and we have no objection to accepting the Senator's amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. Ferguson] to the committee substitute as modified.

The amendment to the amendment was agreed to.

Mr. CAPEHART. Mr. President, I offer an amendment, on page 11 of the committee substitute as modified, to strike out lines 5 through 6, inclusive.

This amendment has been discussed with other members of the committee. As we wrote the bill, section 104 of the Defense Production Act of 1950, relating to the control of imports of fats and oils, was to be repealed when the bill became law. I do not think we intended to do that. What we intended to do was to permit it to expire on June 30. I am sure there is no objection to this amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 11, after line 4, in the committee substitute, it is proposed to strike out:

SEC. 4. Section 104 of the Defense Production Act of 1950, as amended, is hereby repealed.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana to the committee substitute as modified.

The amendment to the amendment was agreed to.

Mr. CASE. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from South Dakota to the committee substitute as modified will be stated.

The LEGISLATIVE CLERK. In the committee substitute as modified, on page 8, it is proposed to strike out lines 23 through 25, inclusive, and on page 9 to strike out lines 1, 2, 3, and 4, as follows:

In spite of substantial increases which have occurred since the outbreak of the conflict in Korea prices are now generally in normal relationship and the economy as a whole is relatively stable. It is the sense of the Congress that this stability can be maintained by the full and effective use of indirect controls barring adverse international developments.

However, defense production now requires a limited.

And in lieu of line 4 to substitute "Defense production requires some."

Mr. CAPEHART. Mr. President, we have no objection to that amendment. We will accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. Case] to the committee substitute as modified.

The amendment to the amendment was agreed to.

Mr. BRICKER. Mr. President, I call up my amendment designated "5-13-53-A" and ask that it be stated.

The **PRESIDING OFFICER**. The amendment offered by the Senator from Ohio to the committee substitute as modified will be stated.

The **LEGISLATIVE CLERK**. On page 9, beginning with line 9, it is proposed to strike out through line 4 on page 10.

On page 22, it is proposed to strike out lines 9 to 14, inclusive, and insert in lieu thereof the following:

(a) (1) Titles I, III, VI, and VII of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955.

On page 23, beginning with line 7, it is proposed to strike out through line 2 on page 27.

Mr. **BRICKER**. Mr. President, this amendment would strike out title VIII of the controls bill as reported by the committee and as now amended. Title VIII, of course, is the so-called freeze section of the bill. As amended in the committee and on the floor, it is no longer a freeze bill, but is in the position where it is about to be placed on the statute books as an unenforceable law. The President cannot exercise the authority granted until such time as the Congress adopts a concurrent joint resolution authorizing him to do so, or enacts a joint resolution declaring war.

Of course, Congress could pass title VIII as it is now written just as quickly as it could pass a resolution authorizing the President to put it into effect. It could likewise pass such a resolution just as rapidly as it could declare war. So the title as it is now amended is practically meaningless. It is a gesture. It is an assumption of something which does not exist. It is not a freeze. It is not a control. It is not an authorization to the President, and it is not an act of the Congress putting into effect any freeze or any regulation of prices or wages.

Let us look at it in the light of our past experience. In the beginning the proponents of this provision seemed to think that if the Congress were to pass a freeze bill everything would be accomplished, prices would stop rising, and everyone would comply. The truth is that such a freeze bill would immediately close down all trading and throw our entire economy into utter chaos. As the majority leader [Mr. **TAFT**] stated a moment ago, such a law would freeze a great many inequities into our economy for the duration of the freeze, assuming that the law could be enforced. But unless we are in war, or unless there is a great surge of patriotism, or unless there is a fundamental reason and cause beyond the declaration of an emergency by the President of the United States the American people will not comply with a rule, regulation, or mandate from Washington without proper enforcement machinery.

Such a law would require more enforcement agents than we have ever had in the history of the country. It would require police in every community of the United States. In fact, I think we would pretty nearly have to call home the Army in order to enforce a freeze on the economy of the people of the United States, unless there were an underlying sentiment supporting it, which there is not at the present time, and

which there will not be unless a dire emergency is recognized by the Congress, and the country is practically in an all-out war. So in the first place this provision would be unenforceable. It would raise many problems, legal and otherwise, which would be absolutely unnecessary and uncalled for. It would create confusion and be an encumbrance upon the administration of the law.

I have stated that at this time the American people are opposed to wage and price controls. That was perfectly apparent last fall in the campaign. It was one of the underlying causes for the tremendous support given to the Republican candidate for President. He appreciates that fully. When this subject was under consideration in the committee, the President sent word to the committee through administration witnesses that he did not desire this authority, that he did not ask for it, but that if the bill were passed, he would not veto it. That is consistent with his principle that the Congress is the policymaking body, and that if it enacts a law as a matter of principle he should not veto it in the absence of very fundamental reasons.

It has been said that machinery ought to be set up so that we shall be ready when the time comes to put into effect a control law. This provision would not do it. The bill does not set up the machinery for studying the price and wage situation. We shall be no more ready when Congress reconvenes than we are at the present time, and certainly not as ready as we shall be when these economic problems are really before us.

The testimony of Mr. Flemming, acting director of the Office of Defense Mobilization, was to the effect that that agency is constantly at work on this problem, planning and arranging to meet the crisis when and if it comes. That is the responsibility of the administration at the present time. This bill does not in any way add to or change that responsibility or relationship.

Something has been said to the effect that those who have confidence in the President will support Title VIII and those who do not have confidence in the President will oppose it. That is not an issue in connection with the bill, in any way, shape, or form. I have confidence in the President. He has not asked for this authority. I have confidence that the principles of the Constitution are abiding principles in our jurisprudence. We have taken an oath to abide by the Constitution of the United States. Likewise, I have confidence in the ability of the Congress, when a crisis arises, to meet it. I do not believe in anticipating things. That is not the intent and purpose of the system of checks and balances. It is not the responsibility of Congress to try to guess what will happen in the years ahead. I know that in recent years there has been an attitude on the part of Congress—and perhaps also the courts—indicating a tendency to waver from the constitutional concepts as they have been established.

Mr. President, the constitutional question has not been raised in regard to this point. It seems to me that the Senate

has passed it over without giving adequate consideration to it. Each one of us has the responsibility, as have our courts, in the first instance, to pass upon the question of whether a measure is constitutional. I admit there has been a change in attitude of the courts of the country within the past few years toward what is and what is not constitutional. We note that three judges of the Supreme Court in the steel seizure case varied widely with respect to what have been constitutional concepts of our jurisprudence, and in the interpretation of constitutional principles.

However, let me refer to a case which the Supreme Court decided a few years ago, in 1935. It is the case which is remembered popularly as the "sick chicken" case, the *Schechter* case. I wish to read from the opinion of the Supreme Court, as follows:

To summarize and conclude upon this point: Section 3 of the Recovery Act is without precedent. It supplies no standards for any trade, industry, or activity. It does not undertake to prescribe rules of conduct to be applied to particular states of fact determined by appropriate administrative procedure. Instead of prescribing rules of conduct, it authorizes the making of codes to prescribe them. For that legislative undertaking, section 3 sets up no standards, aside from the statement of the general aims of rehabilitation, correction and expansion described in section 1. In view of the scope of that broad declaration, and of the nature of the few restrictions that are imposed, the discretion of the President in approving or prescribing codes, and thus enacting laws for the government of trade and industry throughout the country, is virtually unfettered. We think that the code-making authority thus conferred is an unconstitutional delegation of legislative power.

Yet, the rules and regulations and prescriptions for putting into effect those codes were explicit. There is no such prescription in the pending measure. It represents absolutely an uncontrolled delegation of power to the President, and is an abdication of power on the part of Congress to meet a situation when it arises. We are saying to the President in effect, "This is your responsibility."

We are the policymaking body, yet, we refuse to take the responsibility, and are trying to shift it to someone else, in violation of the Constitution and of the principle of separation of powers, which have been so effective up to this time.

Many other cases could be cited, but I wish to bring this matter to the attention of the Senate because it is our primary responsibility, if we believe an act to be unconstitutional, to vote against it when it comes to the floor of the Senate.

Mr. President, how much time have I remaining?

The **PRESIDING OFFICER** (Mr. **BUSH** in the chair). The Senator from Ohio has 20 minutes remaining.

Mr. **BRICKER**. I yield 10 minutes to the Senator from Utah [Mr. **BENNETT**].

Mr. **MORSE**. Mr. President, will the Senator yield to me for a question?

Mr. **BRICKER**. Yes; I first yield to the Senator from Oregon.

Mr. **MORSE**. Mr. President, I have listened to the Senator from Ohio with

careful interest. The one unanswered question in my mind with respect to the constitutional point is this: In view of the adoption of the Byrd amendment, which the Senator from Ohio and I supported earlier today, is it not true that we have provided in the bill a congressional check on the discretionary power of the President, in that the President will have to submit to Congress any proposal which he may have for the imposition of restrictions on wages, prices, and credit, before he may put it into effect? Does not the Byrd amendment in and of itself supply us with the constitutional check which we need upon Presidential power?

Mr. BRICKER. My understanding of the Byrd amendment is not that it gives Congress power to check on the prescribed rules and regulations put into effect by the President, but provides only that the President cannot put such rules and regulations into effect until Congress, by joint resolution or concurrent resolution, brings the law into being.

Mr. MORSE. Is not that, in fact, however, the check on the imposition of any restrictions by the President regarding which the Senator from Ohio and the Senator from Oregon are in complete agreement? So far as the presidential powers are concerned, and so far as he can take action, we have a check on the discretionary power of the President. That is what I believe to be very important, as I have stated so many times, in line with the Corwin theory. In fact, it is the Corwin theory.

Mr. BRICKER. Any check which the Byrd amendment gives to Congress is as to the date and the time when the law shall become effective. I am speaking of a constitutional principle, namely, whether the bill as drafted is constitutional under the decision of the Supreme Court in the Schechter case, because of its indefiniteness and because of the extreme grant of power to the President to determine policy.

Mr. MORSE. Of course, I do not wish to take the Senator's time, and I am still making up my mind on that point, but for the purpose of further discussion, as of this moment, in my judgment, the Byrd amendment answers the constitutional problem so far as checking the arbitrary power of the President is concerned.

Mr. BRICKER. It is effective only as to the date. It does not affect the principle.

Mr. BENNETT. Mr. President, as I begin my presentation, I may remind the Senator from Oregon that the Byrd amendment is in two parts. The first part refers to a declaration of war, and the second part relates to a concurrent resolution adopted by Congress. That is how I understand the Byrd amendment. The requirement that Congress must concur is involved only in case where there is no declaration of war, but if a war is declared the power is transferred automatically to the President. The important word is "or." The word is not "and." The provision reads: "Whenever the United States has declared war against a foreign nation, or

whenever the Congress, by concurrent resolution."

Mr. MORSE. Mr. President, on the question of a declaration of war, of course we get into many other fields with respect to the constitutional powers of the President, as, for example, what powers the President exercises as Commander in Chief. There we enter an entirely different field, which I could not possibly discuss in the short time now available. However, I am satisfied that the Byrd amendment solves the major problem which confronts us insofar as preventing the President from exercising arbitrary power without an adequate congressional check. Therefore, I feel that this Bricker amendment goes too far. It is, in fact, a proposal to destroy the bill itself.

Mr. BENNETT. Mr. President, my objection to title VIII rests on the principle that it is presented to the Senate as a freeze. I am sure that many of my colleagues believe that if the title were in effect, all prices, wages, and rents would be frozen under the limitations provided in the title.

I suggest that Senators look carefully at the language on page 23, beginning on line 18. They will not find the words "all prices, wages, and commission," or the words "by or to all persons." Instead, they will find the words:

The price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt by or to any person—

And so forth. It reads "by or to any person."

Another interesting fact is developed by a careful reading of page 23. The only extent to which the freeze applies to rent is in the rental "for the use or occupancy of housing accommodations." There is no freeze for the rental of business properties. There is no power contained in the bill to freeze the rental of equipment.

I am in the automobile business. A pattern is developing in the retail automobile business to rent automobiles instead of selling them. Under the provisions of the pending bill, as I read them, the President could not prevent the rental of automobiles at any price a dealer wished to charge.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CAPEHART. Why does not the able Senator from Utah offer an amendment to provide what he has in mind instead of complaining about it?

Mr. BENNETT. The Senator from Utah is opposed to the whole freeze principle and he is pointing out weaknesses in the pending measure, not trying to correct them.

Of course, the exception does not mean anything, because when we turn to section 801 (b) we find that the President has unlimited powers to make exemptions from, suspensions of, or adjustments to ceilings.

Therefore whatever he freezes on page 23 he has the power to unfreeze on page 24. He can maintain price ceilings on

commodities and exempt all wages from ceilings, and he can maintain price ceilings on some commodities and exempt all others. To justify the use of the selective power all he has to do is to show that the maintenance of such ceilings would be impracticable "in order to effectuate the purposes of this title."

I am sure that there is not a businessman in the United States who could not make a pretty good case that it would be impracticable to impose ceilings on his line of merchandise.

Also, at the bottom of page 23 and at the top of page 24 we find spelled out the basis on which the President should set the ceilings.

Of course, under subsection (b) of section 801, again the President would have complete power to make any changes in ceilings he wished to make. Although under subsection (a) of section 801 it is suggested that the President would be limited to the prices which existed within the 30 days preceding the setting of the ceiling, under subsection (b) of section 801 the President would not be limited; he could set prices as high or as low as he wished to.

It may be said that the President would not do that, and I agree that certainly our President would not do it. It may be said that our President is different, and that he would not succumb to the pressures which inevitably would fall on him when those engaged in business realized he had the power to free them from the freeze.

But I say those who are concerned with and who wish to support and wish to express their love and respect for the President, should not subject him to such pressures, because under this measure we would transfer to the President complete and arbitrary power to set ceilings on the prices of any articles and the wages of any person at his own pleasure, and to exempt any article and any wage he pleased to exempt, and to set the ceilings at any level at which he pleased to set them. On that basis, Mr. President, I do not think this measure is truly a freeze.

Mr. CAPEHART. Mr. President, will the Senator from Utah yield to me?

Mr. BENNETT. I am glad to yield to the Senator from Indiana.

Mr. CAPEHART. The Senator from Utah has said the President could set the levels at any point he might wish to set them. Certainly, the Senator from Utah must know that is not accurate. The price determined upon by the President must correspond with the price during the representative period for 30 days before the freeze.

Mr. BENNETT. Very well. The President could set the price at such a point; but on the next day, under the provisions of the bill, the President could provide exemptions from suspensions of, or adjustments to the ceilings. Under the words "adjustments to," I think it is fair to say the President could set the price at any level he pleased, regardless of the price he set on the day of the freeze.

Mr. BRICKER. Mr. President, will the Senator from Utah yield to me?

Mr. BENNETT. I am glad to yield to the Senator from Ohio.

Mr. BRICKER. Certainly if the President is limited in placing the order in the first place, there is no limit upon his authority under subsection (b), in respect to the making of exemptions.

Mr. BENNETT. Undoubtedly, that is so. The President would have complete power to make any exemptions he might wish to make, on the basis of his own determination, regardless of the careful language which was included in order to limit him to the prices existing 30 days before the freeze went into effect.

Mr. President, if this measure had been written as an airtight freeze, so there could be no adjustments, no exemptions, and no suspensions, it might command more respect. However, in my opinion this measure is merely a broad transfer of power and a broad transfer of trouble to the President of the United States.

I hope my colleagues will join me in supporting the amendment of the Senator from Ohio to strike out title VIII.

Mr. BRICKER. Mr. President, how much time remains to our side?

The PRESIDING OFFICER (Mr. POTTER in the chair). The Senator from Ohio has 9 minutes remaining.

Mr. BRICKER. I wonder whether the opposition cares to use any time at this point.

Mr. CAPEHART. I am glad to have the Senator from Ohio proceed now, if he wishes to do so.

Mr. BRICKER. Then, Mr. President, I yield the time remaining to me to the Senator from Arizona [Mr. GOLDWATER].

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. GOLDWATER. Mr. President, in the course of the debate frequent reference has been made to worry about the President. I am not worried about the President, but I am worried about the precedent we would establish by means of this measure.

The first precedent would be in connection with transferring some of the powers reposed by the Constitution in the Congress, and delegating them to the President of the United States, such as the power to inflict price, wage, and rent controls during a period which, before adoption of the Byrd amendment, was referred to in the bill as "a grave national emergency," with that term very loosely applied.

I should like to discuss very briefly some of the difficulties the President of the United States would encounter, were this measure to become the law of the land.

How could the President within 90 days accumulate the force necessary to attempt to establish price-, wage-, and rent-control ceilings? In that connection, I should like to read from the CONGRESSIONAL RECORD some of the remarks I made last week about the size of the force which would even approach the one which would be necessary in an effort to control prices. I submit to the Senate that neither of the forces I mentioned ever controlled either prices or wages, and very few rents, during the period when the controls were applied.

In fact, we find that some of the greatest increases in the cost of living occurred during the time of controls and some of the greatest increases in wages occurred during the time when wages were supposed to be controlled.

The President would be confronted with a practically impossible task on the day when he said, "War is declared by the Congress, and I now invoke title VIII of Senate bill 1081, which freezes all wages, prices, and rents at a predetermined level." I may say that we have now, by adoption of the Young amendment, made certain exemptions in the case of livestock and agriculture, and I call that point to the attention of the Senator from Utah.

I quote now from the remarks I made in the Senate the other day:

Early OPA planners envisioned a paid staff of 90,000. While it never reached this figure, it did approach a level of 64,000 persons in 1945, and of this total 4,000 were employed in the Washington office. Most of OPA employees were found in 9 regional offices, 94 district office, 4 Territorial offices, 288 defense rental area offices, and 5,556 war, price, and rationing boards.

Mr. BRICKER. Mr. President, will the Senator from Arizona yield to me at this point?

Mr. GOLDWATER. I am glad to yield to the Senator from Ohio.

Mr. BRICKER. Does the Senator from Arizona agree that even with that tremendous bureaucracy, which was built upon a political basis, essentially, and was used for political purposes, the enforcement was lax, and the favoritism which existed was a disgrace to the country.

Mr. GOLDWATER. I heartily agree with the distinguished Senator from Ohio.

I may point out also the tremendous dollar cost to the Nation of a program of this sort. It cost \$758 million merely to operate the OPA, and I may call attention to the fact that we have no idea of and no way of ascertaining the billions and billions of dollars which were put into the inflationary streams by the black market which was caused by the OPA.

Mr. BRICKER. Mr. President, will the Senator from Arizona yield further to me?

Mr. GOLDWATER. I am glad to yield to the Senator from Ohio.

Mr. BRICKER. I believe the Senator from Arizona means the OPS, instead of the OPA.

Mr. GOLDWATER. I mean both of them. Seven hundred and fifty-eight million dollars was only the cost of the OPA.

Mr. BRICKER. Does the Senator from Arizona have the figures in regard to the OPS? I know that in my State alone, the annual payroll for the OPS was \$2,500,000.

Mr. GOLDWATER. That is hard to believe, in the case of a State the size of Ohio.

Mr. BRICKER. Nevertheless, that is correct.

Mr. GOLDWATER. I am glad to learn those figures.

Mr. President, I continue reading from the remarks I made last Tuesday in addressing the Senate:

The figures do not take into account the many thousands of volunteers who assisted during this program. Likewise, the Office of Price Stabilization mushroomed into a gigantic bureaucracy. By October of 1951 the number of OPS employees had passed 11,000. Of this total, 2,410 were in Washington, and 8,839 in 14 regional offices, and 91 district offices. The administration's price-control plans included 19,000 permanent positions in the OPS for the fiscal year 1952.

Mr. President, how can anyone conceive that the President of the United States would start from scratch and in 90 days would build a bureaucracy of 90,000 persons?

Mr. BENNETT. Mr. President, will the Senator from Arizona yield to me?

Mr. GOLDWATER. I am glad to yield to the Senator from Utah.

Mr. BENNETT. On the same point, can the Senator from Arizona conceive that it would be possible for the President to obtain the basic lists of prices on which he would make decisions as to whether the price which would be frozen would be the price existing on the day before the freeze or the price existing at an earlier time? Can the Senator from Arizona believe it would be possible for the President to obtain such lists within the 90-day period?

Mr. GOLDWATER. No, the President could not do so. I have only to call on the memory of the distinguished Senator from Utah as a businessman and my own memory, having lived through an insufferable period of OPS, to point out that in my particular small business I have 18,000 separate items. There are literally hundreds and hundreds of thousands of items in the various businesses of the country, for which the President within 90 days would have to get the basic price structures.

Does that answer the Senator's question?

Mr. BENNETT. Yes, and I thank the Senator.

Mr. GOLDWATER. Furthermore, how could the President within 90 days suddenly control the supply? He could not control the demand, because he could not stop it.

We have not yet discussed, as I said earlier today, the basic problem which we should be discussing, which is the control of inflation, for when we can control inflation and can control the money people have in their pockets, then we are making an approach to the ultimate solution of this problem.

I would also call attention to the fact that the eminent Mr. Baruch in his remarks before the committee admitted that without a complete and solid freeze clear across the board, with no exemptions, we would be faced with the problem of rationing. But at no point in section 801 do we find provision for the President to have the power to ration. Under the provisions of section 801, as it is written, to begin with it could not work with the exemption provisions included. To imagine that it could work without rationing, would constitute a wild type of dreaming.

Mr. President, I do not feel that we should criticize the pending measure without making suggestions, and I am going to repeat a suggestion which has been made by the minority group time and time again, namely, that we act on the original thoughts presented by Secretary of Commerce Weeks during his presentation before the committee, when he said that the Department of Commerce was ready, willing, and able to undertake a continuing study of the questions involved, so that, should the time ever come when, in the judgment of the Congress, the Nation needed price and wage controls, it could call upon the Secretary of Commerce and say, "Mr. Secretary, what is your latest study on this subject?" Whereupon he would reach up on the bookshelf, and would pull out the latest book his staff had completed, with everything set forth in it that needed to be done by the Congress which could then proceed to enact an appropriate law. I feel that if we followed that course, we would have come to a time when, as a practical matter, we admitted that our great economic system was so weak that there would have to be dependence upon Government intervention again. The Lord knows I hope that time never comes, but I feel in that way the situation could be met without infringing upon the Constitution, and without impairing the great economic strength of the United States.

The PRESIDING OFFICER. All the time of the Senator from Ohio has expired.

Mr. CAPEHART. Mr. President, I yield 5 minutes to the able Senator from Vermont [Mr. FLANDERS]. I shall then yield 10 minutes to the distinguished Senator from Maine [Mr. PAYNE].

Mr. FLANDERS. Mr. President, my interest in the pending measure and in the particular amendment now pending results from my experience as a member of the Banking and Currency Committee during the period which preceded the outbreak of the Korean war.

First let me say a word with regard to the control of prices my mandatory means, of which, like the junior Senator from Arizona, I am a convinced supporter. However, in regard to its application to such a wartime buying surge as we had in July of 1950, let me say that it can only operate by practically stopping production; and what was needed at that time was not a decrease of production, but an expansion. Mandatory control is not adapted to emergency periods. It is the proper reliance for day-to-day price control. What we did was to spend some months conducting hearings and determining the method of price control. It is my recollection that we finally passed the bill in October 1950. That law remained unattended to, unused, neglected, for 3 long months, and during that time our economy went wild.

Mr. BRICKER. Mr. President, will the Senator yield for a question?

Mr. FLANDERS. I yield to the Senator from Ohio.

Mr. BRICKER. Does the Senator from Vermont remember that for 4 years previous to that the President of the United States had asked for a series

of controls—price, wage, and rent controls?

Mr. FLANDERS. Yes.

Mr. BRICKER. Then, when the Korean war broke out, he sent Keyserling to Congress to say that price, wage, and rent controls were not wanted, and were not needed. Congress gave authority for such controls, but the administration would not put them into effect. Does the Senator recall that?

Mr. FLANDERS. That, I believe, is in the record. So the President allowed our economy to run wild for at least 3 months. Then, when he applied controls, he applied them to prices only, allowing wages to run wild. That was most unwise and most disastrous.

My interest in the pending measure has been the possibility of putting a freeze into effect on short notice when an emergency arises, and continuing it long enough to give the Congress time to pass necessary legislation. My interest in that has resulted from the experience we had during the period in 1950 to which I have referred. I have been sorry to see included in the bill paragraph (b) of title VIII which gives so much latitude to the President, whoever he may be, to have a practically uncontrolled power over prices, instead of what I had hoped for, namely, a simple freeze.

Because of my interest in the proper kind of freeze, I shall vote against the first amendment of the Senator from Ohio [Mr. BRICKER]. I shall vote for his second amendment, which eliminates paragraph (b) of title VIII. I may also say that was sorry to see my good friend, the senior Senator from Virginia [Mr. BYRD], succeed in obtaining the adoption of his amendment, which really requires that Congress be convened to declare war. It is a limitation upon what I conceive to be the necessity for the sudden, complete application of a freeze before the existing moving balance of prices, wages, and production has been disturbed.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. CAPEHART. Mr. President, I yield 10 minutes to the able Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized for 10 minutes.

Mr. PAYNE. First, Mr. President, addressing myself to the particular amendment proposed by the Senator from Ohio, I precede my remarks by paying a tribute, which I believe is rightfully deserved, to the chairman of the Committee on Banking and Currency, the senior Senator from the State of Indiana [Mr. CAPEHART]. Certainly, as we sat through the committee hearings, no person could have been a greater champion of the free-enterprise system or more zealous in his efforts to protect that system and to assure its operation under all normal conditions than was the distinguished senior Senator from Indiana. Day after day, as he sat with other members of the committee, listening patiently to literally hundreds of witnesses from all over the country, who set forth their views on the matter which is now under considera-

tion, he opposed, down the line, any standby control authority, but recognized that, in the event of a grave national emergency, when a great amount of our production might be taken for defense needs, then, and only then, should there be some type of freeze upon our economy for the purpose of affording relief to the average citizen against an inflationary spiral which such conditions always create.

Mr. BRICKER. Mr. President, will the Senator yield for a question?

Mr. PAYNE. The Senator from Maine is very glad to yield to the Senator from Ohio.

Mr. BRICKER. The determination of what may constitute a grave national emergency is wholly in the hands of the President. There is no appeal from his decision. The Congress has no check on it. The President may make this provision effective at any time when he believes an emergency requires it.

Mr. PAYNE. If that be true, I wonder whether the junior Senator from Ohio would state whether similar authority was not granted under the Civil Defense Act, which was enacted by the 81st Congress, and which gave broader powers to the President than those which are under discussion at this time.

Mr. BRICKER. It did not give broader powers. There were restrictions and limitations, and the rules were laid down much more explicitly than in the pending bill. This represents an absolute grant of power to the President to determine the time when the power shall become effective. The Senator realizes we are living in an emergency, created by the former President, and that the declaration of an emergency has not been revoked during the present administration. I do not know that this very provision could not be put into effect tomorrow, if the President should decide to do so, with or without declaring the existence of an emergency, because we are already in an Executive-declared emergency situation.

Furthermore, the bill grants unlimited authority to the President to place into effect a freeze and make any exceptions, restrictions, or exemptions he may care to make. This bill has been sold as a freeze bill, when it is not anything of the kind. It simply gives the President authority, without setting up any machinery to carry out its provisions.

Mr. PAYNE. Mr. President, I think it can be agreed that title VIII of this measure would, in effect, be null and void, anyway, as to any real effect in the event of any great national emergency happening suddenly.

I should like to read for the benefit of the Members of the Senate a statement which was made by M. K. M. Murphy, of the Chamber of Commerce of the United States. I am sure everyone will recognize that the Chamber of Commerce of the United States is a rather conservative organization which has been rather restrictive in support of measures of the type which we are discussing:

The chamber of commerce is unalterably opposed to wage, price, and rent controls, as well as standby controls. However, we do recognize that the present state of world con-

ditions is such that there exists the possibility of serious and rapid adverse international developments which might threaten the national security of the United States. In the case of such international emergency or catastrophe, and remembering the wave of fear and psychological reaction that swept the country in the summer and fall of 1950, rapid action to prevent a cumulative spiraling of wages, prices, and rents may be necessary. It is recognized that the Congress must have time to consider, draft, and enact legislation in case of such an emergency.

In view of this situation, the board of directors of the chamber of commerce adopted the following emergency policy declaration at its meeting last week:

"The chamber reaffirms its position that wage, price, and rent controls are unnecessary and harmful except in case of imminent threat to the national security from a foreign source. Because of the desirability of restraining a rapid cumulative wage-price-rent spiral in such cases, the chamber favors the enactment of legislation authorizing a simultaneous freeze of wages, prices, and rents which may be invoked for a period of not more than 90 days by the President when Congress declares a state of war or the President or Congress declares a national emergency arising from a foreign source. Such legislation should expire no later than April 30, 1955."

Mr. President, let me read a few remarks from a gentleman who probably does not have too many more years to live on this earth, a man who is devoted to America, to the cause of the free-enterprise system, and to the welfare of our people. I read from the statement of a great American, Bernard Baruch:

We face a simple issue. Are we to take the elementary precaution of writing into law now what we know would have to be done in event of emergency?

The pattern of any mobilization is set by the very first decision. When war breaks or seems imminent, the normal workings of supply and demand suddenly go haywire. Speculators and hoarders rush in to corner materials they believe will be scarce. Prices skyrocket. It is not long before the economy is out of control.

One of two general courses of action is possible. The wise course is to act promptly before the economy is out of hand, to preserve as far as possible the equilibrium that existed prior to the emergency.

That is the sound course of action. The other course is to wait and fiddle until the economy is out of control. Only then do you act. Your whole mobilization then becomes a wild chase of a dog after his own tail. You then have to chase the disruptions caused by the Government's failure to act in time in a frantic effort to recover the equilibrium which should never have been lost.

The choice, in short, is between acting before serious harm is done and waiting until you are deep in trouble before acting. One course locks the stable door promptly. The other deliberately keeps the stable door open until the horse is stolen.

To wait and fiddle is wrong morally as well as economically. When you invoke an across-the-economy ceiling at the outset of the emergency, your mobilization is set up on a sound moral base. Your very first action obviously treats all segments of the economy alike. None can claim that special favoritism is being shown to business or to labor or to agriculture or to any special interest.

In contrast, under the wait-and-fiddle approach, you begin your mobilization by destroying your moral base. In letting the economy get out of hand before acting, you unavoidably permit some groups special advantage over others. Each segment of the

economy is given a grievance with which to justify its own inflationary demands.

Mr. GOLDWATER. Mr. President, will the Senator from Maine yield?

Mr. PAYNE. If the Senator will wait a moment I shall be glad to yield, but I wish first to read two additional paragraphs:

The overall ceiling, being based upon the economic relationships that prevailed before the emergency, enables you to establish the principle that none shall profiteer from the emergency. If you allow that balance to be disrupted, you lose the moral ground for enforcing this principle. You are left with no standard but expediency with which to resist the clamorous demands of pressure groups.

In brief, the policy of wait and fiddle has the effect of inviting every group to exploit the national peril for its own selfish advantage.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. CAPEHART. Mr. President, I shall be happy to yield more time. I yield 3 more minutes to the Senator from Maine.

Mr. PAYNE. I shall be glad, then, to yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I share the regard for Bernard Baruch expressed by the Senator from Maine, and I should like to quote a further statement of Mr. Baruch:

Put a freeze on, a solid across-the-board freeze.

Paragraph (b) of section 801 provides:

The President may provide exemptions from, suspensions of, or adjustments to ceilings—

And so forth. Does the Senator feel that that is an across-the-board freeze, a solid freeze, such as the eminent Mr. Bernard Baruch asked us to provide?

Mr. PAYNE. I am definitely for a freeze across the board. I do not maintain that that particular provision does establish, necessarily, a freeze across the board, because it leaves a loophole open. There will be an amendment before the Senate which would eliminate that provision, and I can assure the Senator that I, as the junior Senator from Maine, will support that amendment if it comes before us.

The meat of title VIII has been destroyed with regard to placing any effective freeze on the American economy in the event of a national emergency occurring, so that the measure, as it presently stands, is nothing but a few idle words holding out hope to the American people who look for guidance and support in controlling prices and for action against spiraling inflation which will take place in the event of a grave emergency which all of us hope will never occur.

Mr. GOLDWATER. I thank the junior Senator from Maine.

Mr. CAPEHART. Mr. President, this is one debate or one proposal as to which I hope it will never be proved that I was right, because I hope there will never be a grave national emergency making it necessary for us to have controls.

We who support the pending bill are just as patriotic as those who oppose it.

We believe in the private-enterprise system just as much as do those who are opposed to the bill. We are not Socialists. I will tell the Senate what we are. We are a group of men who believe that so long as a war is in progress in Korea; so long as Congress is asking the American people to submit to taxation to such a point that we are spending about \$60 billion a year for national defense; so long as 500,000 American boys are serving in Korea—and possibly some of them have been killed or wounded since I began speaking 3 minutes ago—there ought to be some legislation on this subject.

Mr. President, I do not mind stating that I am disappointed in the Republican Party, because we are not accepting the responsibility that is ours. The responsibility of conducting the Government is our responsibility now, because we have a Republican President, and we control both Houses of Congress.

We are saying to the American people, "If a grave national emergency strikes next month or next October, we do not have the good, common horse sense and judgment now to decide what should be done in the event of that emergency."

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. CAPEHART. I would rather not yield, because I am limited as to time.

I have heard so much misrepresentation on the floor of the Senate today in respect to this bill that I thought possibly I would not become aroused by any amendment that might be offered. All we are trying to do in this instance is to get Congress to recognize its responsibility. I am disappointed in the Republican Party. We seem to take the attitude, and the able Senator from Virginia [Mr. BYRD] also takes the attitude, that a war is not in progress. We are at war today, and either we are going to win that war, or we shall have to get some kind of truce. It will have to be one or the other.

The Congress, through its Republican leadership, tells the American people that we must spend billions upon billions of dollars for war and for defense, and must maintain 500,000 men in Korea, some of them will be killed every day; yet we seem to take the position that we are more interested in material goods, if you please, than we are in the fight in Korea.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BRICKER. That is positively an unfair statement. There is no one more interested in ending the war and in saving lives than is the junior Senator from Ohio, who has presented this amendment. I am interested in keeping our economy strong. Why have we become a great Nation? It is because we have been freer than any other nation in the history of the world. That is the reason why we have strengthened our economy. That is the reason why we have been able to send \$40 billion to Europe since the end of World War II. Our controls over wages and prices are inconsistent with our present economy. Prices are today falling. The Senator from Indiana knows that to be

so. No one is trying to keep an Army in Korea indefinitely. The Senator knows that to be true.

Mr. CAPEHART. I agree with the Senator from Ohio that our economy has been free because of our private-enterprise system, but the Senator from Ohio again wants to stick his head into the sand and completely ignore the fact that we have been at war for many years, and that we have had controls. During the time we have had those controls, we have had the greatest production, the highest incomes, and the largest profits in the history of the Nation.

Mr. BRICKER. Mr. President, will the Senator yield further?

Mr. CAPEHART. I do not think I wish to yield any further. In a moment I will yield some of my time to the able Senator from Ohio.

My point is that we are not accepting our responsibility. I am perfectly willing to accept the decision. I might say we may as well vote for the amendment of the able Senator from Ohio to strike out title VIII, because since we have agreed to the Byrd amendment, which requires a declaration of war or a concurrent resolution, Congress can, when it takes such action, just as well pass a 90-day freeze law, if it wishes to do so, as it can today. There is no question about that.

I apologize if my remarks have become a little heated, but I do not believe the Republican Party is accepting its responsibility. I do not believe that we have as yet realized that we are in control of the Government. It is our responsibility. Again I say, how anyone can push his head into the sand completely, 100 percent, and ignore the fact that we are at war in Korea, is something I simply cannot understand. We are at war in Korea.

All the committee has tried to do in this instance has been to say that so long as we are at war in Korea, with the danger of a grave national emergency, meaning stepped-up war or perhaps all-out war, we ought to give some thought to the subject of control; we ought to pass some legislation; we ought to know what we will do in any emergency that may arise, and how we will do it.

If the country gets into a big war, in which the military will take a larger percentage of our national production, leaving a smaller percentage for civilian consumption or civilian use, how will we handle that situation?

A moment ago I listened to an able Senator on my side of the aisle ask how the President would be able to control 90,000 prices, how he would be able to recruit 90,000 people, how he would be able to do all these things in 90 days. In the first place, the Senator knows that the bill does not require the President to do those things, but the Senator was making the best argument in the world for the contention that we ought to decide what we will do and how we will do it and should provide some sort of small organization to proceed immediately in case such an emergency occurs.

There is not a Senator who will not admit that if we got into world war III,

into a big, all-out war, in which the Government would take the great percentage of many strategic and critical materials, we would have to have price, wage, and rent controls. Senators know that such controls would be necessary. We know we would have to have them. We know there is that possibility. If there is not that possibility, then let us quit kidding the American people by taxing them to death and sending their boys all around the world and preparing for war. We are wrong on either one point or the other.

Why is there a desire anywhere to leave unsettled the matter of price and rent controls, inflation, if you please? Why should we not be anxious to protect the American people in case of an inflationary spiral? Why not protect 160 million Americans? Why not prepare now for an emergency? Why should we not set up some kind of organization, when we know that if an emergency strikes, we shall have to have some such an instrument?

I do not particularly blame Senators on the other side of the aisle. They had the responsibility of running the Government for 20 years. We have that responsibility today. It is the responsibility of President Eisenhower and of the Republicans of both Houses of Congress. It is not the responsibility of Senators on the other side of the aisle.

Mr. President, I say that we are not living up to our responsibility. I say we are sticking our heads into the sand. Some Senators are not willing even to admit that the country is at war in Korea. They are not willing even to admit that an emergency exists today. When we are at war, as we have been at war for almost 3 years; when we have lost 140,000 men in casualties; when we are spending between \$50 and \$60 billion we are at war. Why does anyone attempt to deny that fact? Why should anyone tell us that we are not at war? Why do we refuse to handle this end of our economy? Why do we act as we are acting?

I am discussing the problem only because, as chairman of the Committee on Banking and Currency, which handles legislation like that now proposed, I feel it is my responsibility to do so. I feel it is my duty to call it to the attention of my own party, to the attention of the Senate, of Congress, and of the American people. I will not hide my head in the sand. I will not stand on the floor of the Senate and take the position that we are not at war today when we are.

The able majority leader [Mr. TAFT] said today that we who are advocating this measure are Socialists, leaving the impression that we have some ulterior motive. I will place my Americanism, my patriotism, my anticommunism, my antisocialism, against his or that of any other American. I will place my love for the private enterprise system against that of any other American. But I am interested in the welfare of all the people of America, not merely the 40,000 business units. I am interested in housewives. I am interested in soldiers. I am interested in everyone.

We Republicans who have the responsibility have everything to gain and nothing to lose by reaching a decision now, and establishing a small organization to cope with an emergency if and when it arises. Then we can get down on our knees every night and pray that the emergency will never arise. If it never occurs, nothing will ever happen under the terms of the bill. If some great crisis arises, we shall know what to do and when to do it.

I was hopeful that we would be able to say to the American people that we who are operating the Government and have the responsibility at the moment would not do what the opposition did during the last three wars. They sat around and fiddled until inflation got away from them and prices went up and up. I was hopeful that we could say to the American people that we know how to handle these problems, that we intend to control the situation from the very first hour of the national emergency, and that we will not allow prices to go up and up and up, resulting in additional expense of many billions of dollars to the American taxpayer because of purchases made by the Government.

I had hoped that we could say to the American people that we intend to benefit from the mistakes and the experience in World War I, World War II, and the Korean war, and that we will do this job as it ought to be done. I cannot understand how anyone can be opposed to planning for the future. I cannot understand why we hesitate to give certain necessary powers to the President of the United States.

The PRESIDING OFFICER. The time of the Senator has expired. All time has expired.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER] to the committee substitute as modified.

Mr. BRICKER. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Nebraska [Mr. BUTLER] is necessarily absent.

Mr. JOHNSON of Texas. I announce that the Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate on official business.

The Senator from Tennessee [Mr. GORE], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], the Senator from Georgia [Mr. RUSSELL], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Montana [Mr. MURRAY] are absent by leave of the Senate.

I announce further that, if present and voting, the Senator from Kentucky [Mr. CLEMENTS], the Senator from Tennessee [Mr. GORE], the Senator from West Virginia [Mr. KILGORE], the Senator from Montana [Mr. MURRAY], and the Senator from North Carolina [Mr. SMITH] would vote "nay."

The result was announced—yeas 26, nays 61, as follows:

YEAS—26

Bennett	Ellender	McCarthy
Bricker	Ferguson	Millikin
Bridges	Goldwater	Potter
Butler, Md.	Hickenlooper	Schoeppel
Carlson	Jenner	Taft
Cordon	Knowland	Watkins
Dirksen	Kuchel	Welker
Dworshak	Malone	Williams
Eastland	Martin	

NAYS—61

Aiken	Hendrickson	Monroney
Anderson	Hennings	Morse
Barrett	Hill	Mundt
Beall	Hoey	Neely
Bush	Holland	Pastore
Byrd	Humphrey	Payne
Capehart	Hunt	Purtell
Case	Ives	Robertson
Chavez	Jackson	Saltonstall
Cooper	Johnson, Colo.	Smathers
Daniel	Johnson, Tex.	Smith, Maine
Douglas	Johnston, S. C.	Smith, N. J.
Duff	Kefauver	Sparkman
Flanders	Kennedy	Stennis
Frear	Langer	Symington
Fulbright	Lehman	Thye
George	Long	Tobey
Gillette	Magnuson	Wiley
Green	Mansfield	Young
Griswold	Maybank	
Hayden	McClellan	

NOT VOTING—9

Butler, Nebr.	Kerr	Murray
Clements	Kilgore	Russell
Gore	McCarran	Smith, N. C.

So Mr. BRICKER's amendment to the committee substitute, as modified, was rejected.

Mr. BRICKER. Mr. President, I call up my amendment 5-13-53-B.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 24, it is proposed to strike out lines 11 through 19, inclusive.

Mr. BRICKER. Mr. President, the effect of the amendment is to make it a real freeze bill, not a standby-control bill. Paragraph (b), on page 24, reads:

(b) The President may provide exemptions from, suspensions of, or adjustments to, ceilings in the case of any materials or services or transactions therein, or types of employment, or housing accommodations of any class or in any area, if he finds that (1) such exemption, suspension, or adjustment is necessary for national defense, or (2) the imposition or maintenance of such ceilings would be impracticable or unnecessary in order to effectuate the purposes of this title.

Mr. President, the bill was sold to the committee, and, insofar as it has been sold to Congress, on the basis that it was a freeze bill which would hold the status quo if war should come or if a dire emergency should strike this country.

It was not contended in any way, shape, or form that the President is more qualified to pass upon exemptions or setup price controls than is the Congress.

No organization is created by the bill to give the President the machinery with which to carry out either the original purpose of the bill, which is a freeze, or to determine whether exemptions or qualifications or restrictions are essential or necessary, or how they shall be given force and effect.

No organization, power, or appropriation is provided to carry out the purpose of the bill.

Mr. President, we sat for many weeks in the Committee on Banking and Currency, listening to group from agriculture. We considered the amendment offered by the Senator from North Dakota [Mr. Young], which was adopted, under which amendment the power of the President, even under the term of the pending bill, over the prices of livestock and agricultural products would be restricted in relation to parity prices. We listened to the farmers, to the cattle growers, to the cattle buyers, and to the cattle sellers for many weeks, as to whether there should be a rollback, whether they should be exempted, and whether the parity price ceiling should be taken off.

We listened to the barbers and to the beauticians, to the retail grocers on the Herlong amendment, and to the manufacturers on the Capehart amendment to the original act. It took us many weeks to determine whether the bill could be practically applied and honestly and fairly administered as between various groups in our economy.

We spent many weeks considering regulation X and regulation W. We listened to the automobile dealers, and we listened to merchants who had radios and television sets piling up in their warehouses, which they could not sell because of certain restrictions.

We even sent a representative of our committee to the Federal Reserve Board to discuss with them the question of whether there ought to be a loosening up of regulation W so far as radio and television was concerned. We got no action from them.

The protests became so loud and so strong that our committee responded to them in behalf of the economy of this segment of industry by taking off regulation X. We modified it insofar as automobiles, radios, and televisions were concerned. That is policy making. That is a part of the responsibility of the Congress. It is not a power which should be given to the President, without any control, limitation, or restriction, as would be the case under this bill.

So the bill was sold as a "freeze" to the people of the United States—if it has been sold; actually, I doubt that it has been. In any event, it has been supported by the membership of the committee and by the Congress because it was spoken of as a "freeze" bill, as a bill to give the President the power to stop the economy in its tracks, to prevent inflation, to prevent price spirals, and to provide the necessary regulation of the economy.

However, the bill does nothing of the kind, Mr. President. It is a complete control bill, with absolutely unlimited, unrestricted, and untrammelled power on the part of the President, not to freeze prices, but to make all sorts of exemptions, rules, and regulations for the control of the entire economy of the United States—prices, wages, and everything else concerned—from the manufacturer, clear down to the consumer.

Under the bill we would not give to the President any instrumentality by which he could proceed to act; we would not

give him any employees to put such an arrangement into effect. We would not provide any machinery by which the President could exercise that vast power—the greatest over our economy ever given to a President of our country in time of peace or in time of war.

So, Mr. President, if we intend to make the bill mean what it was intended to mean from the beginning, in connection with what Mr. Baruch testified before our committee that we need, and what I voted some 4 years ago to put into effect, until Congress can determine the kind of controls that should be had, then we must strike out subsection (b) of section 801 of title VIII, which gives the President unlimited power to impose rules and regulations and to modify the freeze at any time he wishes within the 90 days. Under that subsection the President can make any exemptions he desires to make or can impose any kind of rules and regulations he may wish to impose.

As I said at the beginning, with such control, administration, regulation, and power exercised over the American people, it would take more public employees than we have at the present time for the national and local governments, and also including the membership of the Armed Forces, in order to provide the necessary enforcement personnel. We know that similar experience was had under OPA and OPS, when complete machinery was set up throughout the Nation.

There would be no chance to impose controls of that sort. There might be a semblance of a chance to hew to the line if there were a freeze throughout the country and if we were to make it possible for a freeze to be imposed straight across the board until the Congress could look into the equities of the matter, as we have already tried to provide in the case of livestock and agricultural products, until Congress could see whether prices, wages, and rents could be controlled, and, if so, what kind of machinery would be proper for that purpose.

Mr. President, I do not know whether any other Senator wishes to speak at this time.

Mr. BUSH. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER (Mr. GRISWOLD in the chair). Does the Senator from Ohio yield to the Senator from Connecticut?

Mr. BRICKER. I yield.

Mr. BUSH. Assuming that Congress passes the bill without including the amendment the Senator from Ohio now proposes, would not the bill then place the President in an extremely embarrassing position and under tremendous pressures from various groups? Would not that be the case if the language the Senator from Ohio now proposes to strike from the bill were left in it?

In other words, would not the President's problem be very much simplified if the amendment proposed by the Senator from Ohio were adopted? In that event, the President would not use this power, except under the gravest circumstances. So would it not simplify the President's responsibility, if the amend-

ment of the Senator from Ohio were adopted?

Mr. BRICKER. There is no question of that.

Mr. BUSH. Would not the Senator from Ohio agree that adoption of his amendment would save the President from tremendous embarrassment within the 90-day period?

Mr. BRICKER. Yes. If the President were to be given this extraordinary power, certainly he should not be confused and harassed by having to make qualifications regarding the exercise of the power.

Mr. BUSH. The Senator from Ohio believes there should be no exemptions, does he?

Mr. BRICKER. There should be no exemptions or exceptions of any kind or character. If exemptions are to be made, it is the duty of the Congress to establish the policy in the case of such exemptions.

Mr. FLANDERS. Mr. President—

Mr. GOLDWATER. Mr. President—

Mr. BRICKER. Mr. President, I yield 5 minutes to the Senator from Vermont [Mr. FLANDERS], and then I shall yield 5 minutes to the Senator from Arizona [Mr. GOLDWATER].

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The Senator from Vermont is recognized for 5 minutes.

Mr. FLANDERS. Mr. President, a few moments ago I referred to our experience with controls following the invasion of South Korea by the North Koreans. My own views of that experience led me to oppose the first amendment proposed by the junior Senator from Ohio [Mr. BRICKER]. However, the same considerations lead me to support his proposal to eliminate subsection (b) of section 801 of title VIII.

The only thing we can properly propose by means of this control bill is a sudden and complete freeze of prices, wages, and rents. We have already diminished the efficacy of the proposal, in that the bill has been made worse by means of the adoption of amendments proposed by some of the best Members of the Senate. The senior Senator from Virginia [Mr. BYRD] has made it necessary to wait until Congress is in session, in the case of an emergency; and he has thereby made it difficult to have the necessary sudden imposition of the freeze.

The junior Senator from North Dakota [Mr. YOUNG] has introduced various complications with regard to the prices of agricultural commodities, which again has removed from the application of a sudden freeze a very large variety of agricultural products indeed.

Now there is inherent in the bill itself, in subsection (b) of section 801 of title VIII, something which falsifies the notion of a sudden and tight freeze.

Mr. President, the only procedure that is useful in connection with proposed legislation of the kind now before us is a sudden freeze—bang. Whether we shall get from the bill anything that is useful for an emergency depends on whether we eliminate subsection (b) of section 801 of title VIII.

I support this amendment wholeheartedly, in the hope that there will still remain in the bill sufficient authority to impose a sudden freeze. Without such authority, I shall vote against the bill.

Mr. BRICKER. Mr. President, I yield 5 minutes to the Senator from Arizona [Mr. GOLDWATER].

The PRESIDING OFFICER. The Senator from Arizona is recognized for 5 minutes.

Mr. GOLDWATER. Mr. President, I wish to concur wholeheartedly in the remarks just made by the distinguished Senator from Vermont [Mr. FLANDERS] in respect to the way in which wage, price, and rent controls should be applied, namely, straight across the board, on every segment of our economy.

I also echo an admonition of Bernard Baruch, who said that no portion of our economy can be favored in connection with such a procedure. His exact words were:

All segments of the economy should be treated alike, with special favors for none.

However, Mr. President, as the bill now stands, we would give the President the power to favor. It may be asked, "Has it ever happened before?"

Mr. President, in that connection let us examine history. In the 4,000 years of history in which price controls have been tried, whenever an attempt has been made to control inflation by means of imposing price, wage, and rent controls—which I contend constitute the wrong approach—the effort has failed because of flexibility.

I should like to enumerate for the Senate the things which became exempt during the life of the Defense Production Act of 1950. They included the fees charged for professional services by such persons as doctors, lawyers, professional engineers, architects, certified public accountants; the charges made by press associations; the charges made for books, magazines, motion pictures, newspapers or radio programs; and the charges made by newspapers, magazines, radio stations, and theaters. They include the rates charged by insurance salesmen and underwriters; the prices and wages of barbers and beauticians; the wages and salaries of employees of small businesses; the prices charged and the wages paid by bowling alleys; and others too numerous to mention.

Mr. President, to hark back to my own State of Arizona, because I am more acquainted with the economy of that State, let me say those exemptions allowed 11.9 cents of the consumer's dollar to be uncontrolled. That is the basic reason why we cannot control prices, wages, and rents if we grant to the President the power to make exemptions, and that a particular segment of the economy need not be placed under price control, and that no attention need be paid to the wages in certain segments of the economy.

As the result of the failure adequately to control wages, they rose 12.7 percent, I believe, during the early portion of the time when the OPS was in effect.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am very happy to yield to the Senator from Michigan.

Mr. FERGUSON. I wish to present a unanimous consent request. The reason for the request is that the Secretary of Defense is now present at a hearing before the Committee on Appropriations, and he is waiting until I can return to the hearing. I ask unanimous consent that the amendment of the junior Senator from Ohio may be laid aside in order that the Senate may take up another amendment, in which I am interested.

Mr. BRICKER. I should like to have the Senator from Michigan present to vote on my amendment.

Mr. FERGUSON. I shall return for the vote.

Mr. BRICKER. Mr. President, how much time remains to us?

The PRESIDING OFFICER. The Senator from Ohio has 16 minutes remaining.

Mr. BRICKER. Mr. President, I shall be very happy to have the amendment laid aside, provided it is understood that we shall resume its consideration at the place where we left off. We shall have 16 minutes remaining. The other side has 30 minutes remaining. If that is satisfactory, I shall be very glad to accommodate the Senator.

Mr. FERGUSON. I certainly appreciate the Senator's courtesy.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan? The Chair hears none, and it is so ordered.

Mr. FERGUSON. I know that other Senators are desirous of returning to the hearing, also.

Mr. President, on page 10, line 23, I proposed to strike out the word "or" and insert "and", so that subparagraph (b) will read as follows:

(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

As the bill is now drafted, the President could find that either one of the conditions referred to existed. I believe that we should change it so that both requirements are made essential. Scarcity of material, however, is now and always has been a relative matter. At the present time, the supplies of steel, copper, and aluminum, certainly do not exceed the demand. As a practical matter, supply is never perfectly geared to the demand in a free market. If raw materials are scarce, under the processes of the market place, either an additional capacity for their production is created, or such materials are imported from abroad. Conversely, if there is an increase in supply above the present or forecast demand, production is reduced, facilities are abandoned, and our importations decline. Accordingly, it is believed feasible to provide that both conditions shall be determined to exist before the President may rein-

state controls. In other words, there must be both a scarcity of the material and a requirement by the national defense for such material, a requirement which cannot be met otherwise without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

As I understand, when the bill was originally drafted, the word "and" was used in subparagraph (b), line 23; but, by a vote of the committee, "and" was changed to "or." I discussed this matter at the time I submitted the amendment, and I shall not debate it longer, because I believe it is perfectly clear that mere scarcity alone should not be sufficient to authorize the President to act. However, when the scarcity is such as to interfere with defense production, then the President should be authorized to act. My amendment merely involves the substitution of the word "and" for the word "or," to require the existence of both conditions, as originally proposed.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Michigan to the committee substitute as modified.

Mr. BUSH and Mr. LEHMAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Indiana yield, and if so, to whom?

Mr. CAPEHART. I shall be happy to allocate 5 minutes to the able Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. LEHMAN. Mr. President, I rise to oppose the amendment of the distinguished Senator from Michigan. The bill, as now written, provides:

(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, or (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

The Senator from Michigan wishes to change the word "or" to "and"—in other words, to require the existence of both conditions, before the President may decide to allocate goods in the civilian market. My objection to the change is that it would work a tremendous hardship to small civilian manufacturers, a class of business which I believe it is our duty as Members of the Senate to protect so far as lies within our power. There is no question whatever that under any reasonable circumstances there will be a sufficient quantity of raw materials to take care of the defense needs of the country. But if the defense needs of the country should consume 50, 60, 70, or 80 percent of a commodity in scarce supply—and I suggest copper as an example—it will leave only a very small amount of copper for civilian production. If that happens, and it can very easily happen, and it has happened, as a matter of fact, at times in the past,

the large manufacturer, the large consumer of raw materials, is always going to have a tremendous advantage over the small producer of civilian goods.

The great companies which manufacture automobiles, television sets, or household appliances are not very much worried about whether they pay 30 cents for their copper or 50 cents. The increase on the small quantity they use in relation to the price of the product they sell is so negligible that ordinarily it would not raise the cost of a particular article by more than a fraction of 1 percent. But the small manufacturer of civilian goods, the man who produces typesetting machinery, small electrical appliances, cable, and things of that sort, of course must have even the small supply that he needs in order to carry on his production. Otherwise he is going to be frozen out, because the large manufacturer, who does not care whether the price of copper is 30, 35, 40, or even 45 or 50 cents a pound, can buy the small remaining supply at the expense of the small manufacturer.

In the hearing before the Committee on Banking and Currency, I interrogated Secretary McKay, and I read the testimony:

Senator LEHMAN. What I had in mind is this. I feel that if full mobilization or a similar emergency arises, the larger percentage of the productive capacity of this country would be employed in defense activities, leaving a lesser amount for civilians. The share that was left for civilian use would be proportionally cut down.

It is my feeling that if you are confronted with that situation, you have got to allocate generally the defense production. Otherwise, you are going to have a mad scramble, and the little fellow, producing civilian goods, is likely to suffer very severely.

I was wondering how you felt about that. Secretary McKay. I feel that is true, Senator. However, at the present moment I think we are in pretty good balance, and I do not want to anticipate any difficulty.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield 2 more minutes to me?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Mr. President, I continue reading from the hearing:

Senator LEHMAN. I realize that today we are pretty closely in balance, but I am concerned about any emergency that may arise, which would very seriously disturb that balance, and the situation in regard to civilian production might be serious.

That is why I agree with your statement that you feel the continuation of full authority to grant priorities and make materials allocations should be continued.

I assume you mean that it should be extended for civilian users, as well as producers of defense material.

Secretary McKay. My position is based on Mr. Flemming's proposal before the committee. I should like to quote it for the record:

"The powers granted in section 101 shall not be used to control the general distribution of any material in a civilian market, unless the President finds that such material is a scarce critical material essential to the national defense; that the requirements of national defense—

And so forth.

Mr. President, I have no objection to requiring the President to find that a material is a scarce material. I applaud that, but I do not want to join a scarce material with an article needed exclusively in the manufacture of defense material.

I am convinced that the changing of "or" to "and" would seriously affect and jeopardize the interest of the small producer of civilian goods. That person has at least an equal right to protection as have the great companies manufacturing automobiles, household appliances, and articles of a similar nature.

Therefore I urge that the amendment offered by the Senator from Michigan be not agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan.

Mr. FERGUSON. Mr. President, just one more word. This amendment will not harm small business. I think the way in which the provision is now stated borders on absurdity. There should be more than simply the word "scarce" in order to meet the definition. I believe the amendment meets another requirement which I think is necessary, namely, "that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship."

What is wrong about that, rather than the mere expression of a scarcity?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan.

Mr. CAPEHART. Mr. President, I yield 2 minutes to the Senator from Connecticut [Mr. Bush].

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 2 minutes.

Mr. BUSH. Mr. President, as a member of the committee who voted in favor of reporting the bill, I was opposed to having the word "or" in the section of the bill which we have been discussing, and I agree with the Senator from Michigan that the word should be changed to "and." I also agree that there is no threat to small business or to anyone else by reason of the amendment. I think it makes the requirement a little more severe, and, therefore, that the amendment should be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. Ferguson] to the committee substitute, as modified.

The amendment to the amendment was agreed to.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GOLDWATER. Am I correct in assuming that I still have the floor? I yielded to the Senator from Michigan.

The PRESIDING OFFICER. The question now is on the amendment offered by the Senator from Ohio [Mr.

BRICKER] to the committee amendment, as modified. The Senator from Arizona still has the floor.

Mr. GOLDWATER. May I ask the distinguished Senator from Ohio if I may have 3 or 4 minutes.

Mr. BRICKER. Mr. President, how much time do we have left?

The PRESIDING OFFICER. The Senator from Ohio has 16 minutes on his amendment.

Mr. BRICKER. I yield 5 minutes more to the Senator from Arizona, and then I shall yield to the Senator from Utah [Mr. BENNETT].

Mr. GOLDWATER. Mr. President, before I yielded to the Senator from Michigan I was discussing the impossibility of price, wage, and rent controls working when we allow any flexibility or allow any individual or any bureau the right to determine the flexibility and to whom it shall apply.

Mr. President, because this will probably be the last opportunity to discuss this question, I should like to answer the charge which has been made against the Republican Party, that we have not accepted our responsibility in this instance. I should like to invite the Senate's attention to the fact that the Republican Party campaigned last fall and in that campaign one of the issues was that of getting the Federal Government off the neck of American business. I think the vote on November 4 showed that the American people were heartily in accord with the provision of our platform and the part of our argument which called for that result.

I have heard charges made today that the minority group of the committee have their heads placed in the economic sand. As I have traveled over the country and listened to businessmen, I have rather imagined, as I said in the committee, that perhaps the sand from the bleak desert of Federal control of our free economy is getting into the eyes of some members of the committee and into the eyes of too many American businessmen. I refer to the bleak desert on which we have lived for the past 20 years, during which time the economy of the Nation has been throttled at every turn and with which the Republican Party said it would do away. That is the desert whose sands now seem to be resting uncomfortably in the eyes of too many Americans.

I repeat, Mr. President, we cannot tamper with the free economy of this Nation forever. We have done it far too long, and it is time that the Republican Party assumed its responsibility and removed completely from the necks of American businessmen the unhealthy burden of Federal interference.

In 1924 the now deceased Josef Stalin said that the way to defeat the free world was to defeat the economic system which provided its strength. Mr. President, if we are to continue to pursue the idea that we can meddle with our free economy, I care not whether the meddling comes from the other side of the aisle or from this side of the aisle, we are playing into the hands of that dead pirate now gone to the resting place which he so long ago deserved. I hate to think that he is sitting in that hell of his

and laughing at the American Congress for even thinking of passing such a bill as the one which is now pending, providing for something which ancient history and modern history have shown will not work.

Mr. President, I should like to read from the minority views which express my feeling wholeheartedly:

With a majority of our fellow citizens, we believe this administration has committed itself to strike from the American citizen the shackles of 20 years of a bureaucratically dominated economy. We believe in the vitality and efficiency of American free enterprise and are anxious to pay more than lip service to this concept. During this period, when even the proponents of title VIII admit direct controls are not necessary, we are in favor of affording free enterprise an opportunity to function unburdened by the heavy hand of ever-present threats of Government control.

Mr. President, for that reason, and for the reasons which I have previously stated, I shall vote, and shall urge my colleagues to vote, for the pending Bricker amendment.

Mr. BRICKER. I yield 5 minutes to the Senator from Utah [Mr. BENNETT].

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BRICKER. Would it be in order at this time to ask for the yeas and nays?

The PRESIDING OFFICER. It would be in order.

Mr. BRICKER. I join with the Senator from Connecticut [Mr. BUSH] and request the yeas and nays on my amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Ohio yields 5 minutes to the Senator from Utah, and the Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I wish to return to paragraph (b), section 801, and to point out again that it grants power not only to exempt whole areas of our economy from the freeze, but, as I understand, if the freeze is imposed it can be taken off 5 minutes later by the President. It also permits the President to set price ceilings at any point he pleases.

It seems to me that if we leave paragraph (b) in the bill, one of the things we will be doing will be automatically to create tremendous pressure on the President. In the first place, as soon as the bill is signed, all of the factors of our economy that were given exemption under OPS and OPA will immediately settle down on the President and begin to put pressure on him to recover some privileged position they had under the previous legislation.

Naturally they will be joined by another group of citizens who will feel that they have the right or power to obtain special privilege. Then, when the President invokes the freeze, if he should, he will be immediately subject to another kind of pressure, the pressure from businesses and persons who will feel that the price ruling on the last day before the freeze went into effect was not a fair one. They will start pressuring for

at least the right to have a change made from the ceiling price to a representative price within the preceding 30 days. That is an obvious conclusion to be drawn from the language of the bill. However, it will not take such persons very long to realize that the President has full power under the bill to set the ceiling at any point, and those who have no hope of getting out from under the ceilings completely will attempt to put pressure on the President to have their ceilings set at a more advantageous level.

I am concerned about the possible implications of the statement that the provisions of the bill will go into effect only in time of dire emergency. That would be the time when the President, as Commander in Chief of the Armed Forces and as head of State, undoubtedly would be completely engrossed with the emergency problems of defense and problems of the use of the military forces. In that time of need he would have to stop and face the problem of requests for exemptions, adjustments, and suspensions.

If the amendment is agreed to, I hope that I may then suggest to the senior Senator from Indiana that we return to section 801 and correct the language so that what is provided may be truly an overall freeze, which will apply to every price and every person, and eliminate the loophole exempting rents other than rents on housing. That is another matter which I must approach after this amendment is disposed of.

I hope the other Members of the Senate will realize that if paragraph (b) stays in the bill, not only will it be a freeze, but it will offer a tremendous temptation to many forces in America to begin immediately to use whatever power they can exert to put pressure on the President to grant favors, exemptions, suspensions, or adjustments to them. For that reason, if the bill is to be passed finally, I hope it will be without paragraph (b) of section 801.

Mr. CAPEHART. Mr. President, no one has greater respect than I have for the able junior Senator from Ohio [Mr. BRICKER], the able junior Senator from Utah [Mr. BENNETT], and the able junior Senator from Arizona [Mr. GOLDWATER]. I hope that nothing I have said here today, or ever may say, will in any way offend them, because I do not intend to do so. We have disagreements on some of these matters at the moment.

I merely wish to say that the full committee, after weeks of testimony and hearings, reported title VIII containing the provision which the able junior Senator from Ohio now proposes to eliminate.

I wish to say, in all good humor, that it is most interesting to me that those who talk the most about knocking out section (b) are the ones who are 100 percent opposed to any kind of price, rent, or wage control. I believe I can make that assertion without fear of successful contradiction.

Mr. BENNETT. Mr. President, will the Senator yield for an observation?

Mr. CAPEHART. In a moment. Those who are opposed to any kind of wage, price, or rent control desire to

tighten up that on which the committee has spent a great amount of time and consideration, and rejected by a vote of 12 to 3. In other words, there is no question that the able Senator from Utah and the able Senator from Arizona, who have favored striking out section (b), are opposed to any kind of price, wage, or rent control, and now they want to knock out this provision.

Let us not fool ourselves. This is a part of a plan possibly to kill the whole bill, as I see it. We have already, by action of the Senate this afternoon, exempted agricultural products, at least up to the point of parity. I understand an amendment will be offered a little later to exempt newspapers.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BRICKER. I am sure the Senator from Indiana will admit that what he has stated does not reflect the position of the Senator from Ohio, the author of the amendment, because in 1950, when we were considering a control bill, I voted with the Senator. We were the only two on the committee who voted for a freeze bill. I then voted, in connection with the extension of controls on wages and prices, against giving power to the President to make exceptions, exemptions, and regulations, such as are proposed in paragraph (b). So certainly I have been consistent all the way through in this matter.

Mr. CAPEHART. I do not wish to leave the impression that anyone has not been consistent or is insincere in the position he takes.

Let me state why I think we ought to leave this paragraph in the bill. As I view the whole matter, I hope the President of the United States, the Secretary of Commerce, the Office of Defense Mobilization, the National Security Board, and other agencies of the Government which have some authority—and I am sure they have sufficient staffs—will immediately proceed, if this bill shall be passed, to study what the President ought to do if a grave emergency should occur; that they will write certain proposed legislation; that they will make certain rules and regulations, in conjunction with the advice of representatives of business; and that they will prepare themselves and be ready to put into effect the so-called 90-day freeze.

I also hope they will be prepared to come before Congress at that time with proposed detailed legislation, and be able to say to Congress, "Here is exactly how we think the matter ought to be handled. We would like to have the committees of Congress hold hearings and look into the situation, and then pass the kind of legislation we suggest."

In order to work up to that point, there must be some flexibility, and I believe there ought to be some exemptions. If a grave emergency should occur next October, and if we have passed this bill and the President puts it into effect, then we ought to get down to the business of writing a detailed bill and holding hearings. There are many things we might well exempt from price, wage, and rent

controls. There might be many items in our production which would be in such plentiful supply that controls would not be necessary. We certainly do not want to control newspapers and magazines. We never have done so in the history of this Nation. Congress has written 3 or 4 so-called price, wage, and rent control laws. We have always exempted newspapers on the basis of freedom of the press.

So I have an entirely different viewpoint from that of some others. The facts from which I am working may be different from the facts from which others are working. The facts from which I am working indicate to me that if we pass this 90-day freeze with the flexibility in it which I think ought to be in it, the President will not need to exempt anything he does not wish to exempt. He will not need to make any exemptions if he does not wish to do so. He will not be compelled to make any exceptions if he does not wish to do so. My opinion is that he would be showing good, common horse sense if he did make certain exceptions in the case of articles which have no bearing whatever on the emergency at the time.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CAPEHART. I have no particular reason to be against the pending proposal, but I do not think it is what we wish to do. Again I come back to the fact that some of those who are advocating this course are the very ones who are absolutely 100 percent opposed to any price, wage, or rent controls. I know that that statement does not apply to the Senator from Connecticut.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BUSH. I do not believe that supporting this amendment is at all inconsistent with the bill. In fact, I think it is entirely consistent with the bill. The purpose of the bill is to establish a freeze for a short period during which it is conceded by both sides that Congress should meet and consider legislation to deal with the entire situation.

Mr. CAPEHART. That is correct.

Mr. BUSH. How in the world could the President exercise the discretion proposed to be given him in the bill? I have never felt that it was proper, but how in the world would he deal with that discretion within a short period of 90 days? He cannot pick and choose. He must have an organization to act for him. The bill hardly provides for that. We might as well leave the whole thing to Congress as to give the President power to make exemptions.

Mr. CAPEHART. As I stated a moment ago, if the bill becomes law the President certainly will call upon the Department of Commerce and other agencies of the Government to get ready and to inform him as to what he should do if and when the emergency should arise. I am very hopeful that the President and the various agencies of the Government will go so far as to agree upon a permanent policy to be followed, and that they will be ready to come before

Congress and say, "We propose to place in effect a 90-day freeze, and we want you to do this, that, or the other." We hope that they will be ready to make recommendations to Congress, at which time hearings will be held, and we shall decide what we wish to do.

The Senator from Connecticut is a member of the committee. I do not believe that we want to eliminate this particular paragraph from the bill. Perhaps we do. If the Senate wishes to eliminate it, it is perfectly agreeable to me, but I do not believe that is what we wish to do.

Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield 2 minutes, or as much time as the Senator desires.

Mr. SPARKMAN. I should like to ask the able chairman a question. First, I wish to take advantage of this opportunity to pay my respects to the able chairman of the committee for the very excellent job he did throughout the long and tedious hearings on this subject; also for the very fine and fair manner in which he has managed the legislation on the floor of the Senate.

I should like to ask the Senator from Indiana a question. I believe the report on the bill sets out the fact that, so far as allowable exemptions are concerned, they are simply in accord with what we have done every time we have passed a control measure in the past. In every instance in which we have enacted a control measure, instead of requiring exemptions, we simply made it optional with the President to make exemptions.

Mr. CAPEHART. That is correct. I am sure we would expect the President to exempt newspapers, because Congress has always done so in every piece of control legislation which has ever been enacted. I am sure that neither the Congress nor the President would freeze the prices of agricultural products at a level below parity, when the President is required by law to lend money up to 90 percent of parity. We must remember that the President has good common horse sense. He will not do foolish things.

I do not believe that we wish to eliminate this paragraph. Perhaps the Senate wishes to do so, but I do not believe so.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BUSH. We are talking about an emergency. Are we to believe that the exemption of a certain article would represent a great emergency than the main emergency itself?

Mr. CAPEHART. It might not. It might. I do not know.

Mr. BUSH. I cannot believe it. We are discussing a proposal to impose a freeze on everything, at the time the freeze is put into effect, until Congress can act.

Mr. CAPEHART. All I know is that when we get ready to write a control bill—and I hope we shall never have to do so as the result of an emergency—many exemptions will be proposed. Senators who are advocating that we allow no flexibility to the President are the very ones who will be voting to exempt newspapers. They will be the ones who will be voting to exempt agricultural products until the prices of such products reach parity. Then the engineers, the beauticians, the barbers, and others will be seeking exemption. Exemptions will be sought on behalf of utilities. I have been all through the process. Legislation on this subject is possibly the meanest thing Congress has to deal with. Members of the committee do not derive any more enjoyment from dealing with it than other Senators do from discussing it. But the responsibility rests with our committee. I am chairman of the committee. Other members of the committee do not enjoy this job any more than do Senators who are not members of the committee. It is not easy. It is a tough job. We are dealing with a very controversial subject. It seems to have a tendency to inflame tempers and bring on all sorts of things.

Mr. BUSH. I assure the Senator that my temper is not aroused at all.

Mr. CAPEHART. I know that.

Mr. BUSH. Let me ask the Senator another question. Does not the Senator agree that if the President is to make exceptions he will have to hold hearings, or hearings will have to be held in his behalf?

Mr. CAPEHART. He will do that through his administrative staff.

Mr. BUSH. Then we shall be in the ridiculous situation of having the President holding hearings downtown while we are holding hearings uptown, to write definitive legislation.

Mr. CAPEHART. I think the Senator is going to extremes.

Mr. BUSH. What is extreme about that statement?

Mr. CAPEHART. The President will study the problem through the Department of Commerce, the Secretary of the Treasury, and the Office of Defense Mobilization. That is why we have an Office of Defense Mobilization.

Mr. President, I am perfectly willing to take my seat and let the Senate vote. I simply wish to say that, in my opinion, the motive behind this amendment is to kill the entire bill.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Two years ago, I believe, on the floor of the Senate we debated the original Defense Production Act. If I had been a betting man—and occasionally I am—I would have given odds of 100 to 1 that I never would enthusiastically support the position of the distinguished chairman of the Committee on Banking and Currency, because I was in complete disagreement with him. But I have been sitting on the Committee on Banking and Currency with the Senator from Indiana. We have held hearings for 5, 6, or 7 weeks.

I wish to say that I have never known any man in legislative life, whether a Democrat or a Republican, who has been more fair and more conscientious in the discharge of his duty than has been the chairman of the Committee on Banking and Currency.

I sat in the hearings and heard the testimony, and I supported the chairman. I am glad and proud to support him today.

I have very little interest now in whether the bill is passed. In my opinion it has been completely emasculated, to the point of its being useless, by the adoption of the amendment offered by the senior Senator from Virginia [Mr. BYRD], and other amendments. I do not think the bill will do a bit of good. I shall probably vote for it because I am a member of the committee. However, I have no illusions. It is a fraud on the people of the United States. It may lead them to believe that we are protecting them, when we are not protecting them. We have completely retreated and yielded on powers that might have been exerted by the President of the United States to protect all the people.

I cannot help but say again, as I have stated so often, that to me it is a little strange that I, a Democrat, should time and time again speak in defense of the good faith and high principles and integrity and patriotism of the President of the United States, in whom I am willing to vest such powers—and they are very great powers—while Members of the Republican Party, from the majority leader on down—and he is a leader whom many Senators on the other side of the aisle, although I am glad to say not all of the Senators on the other side of the aisle, are inclined to follow more or less blindly—question the good faith of the President, which I am willing to acknowledge.

I again wish to say that what has happened today has rendered the pending bill entirely impotent to save the country in case of a great emergency and attack. I ask Senators not to kid themselves. I hope and pray that the attack will not come, but if it does, we in the Senate may not be here at the time. It may be entirely impossible for us to be here.

Mr. BUSH. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. BUSH. I should like to ask the Senator from New York whether he does not agree with me—and I voted with him to favorably report the bill—that the pending Bricker amendment will strengthen rather than weaken the bill in its present form? Does the Senator agree with me?

Mr. LEHMAN. No; I do not believe it will strengthen the bill. I believe quite the opposite.

When the Senator from Michigan [Mr. FERGUSON] offered his amendment requiring two standards to be met before an allocation of materials could be made, I believed there were a sufficient number of votes on the floor of the Senate to defeat it, but I did not ask for a division because I thought, "What is the use? The bill is rendered pretty much

useless at the present time because of the emasculations which have taken place on the floor of the Senate."

I do not think for a moment that the amendment submitted by the Senator from Ohio [Mr. BRICKER] helps at all.

However, I did not rise for that purpose. I rose to express my appreciation and my gratitude and my admiration of the Senator from Indiana [Mr. CAPEHART], the chairman of the Committee on Banking and Currency, for what he has done or sought to do in the bill. The fact that the Senate has not approved the bill in the form in which it was reported to the Senate is not the fault of the chairman of the committee.

Mr. CAPEHART. I thank the Senator very much. We have worked hard on the bill, as has the entire committee. We have had some misunderstandings, of course.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HOLLAND. I wish to ask the distinguished Senator from Indiana a question. I am looking at subdivision (1) in subsection (b) which is proposed to be omitted from the bill. If I read this provision correctly, it would mean that the President would not have the power, in the event the bill were enacted and a freeze later went into force under the act, to increase the price of a given commodity needed for national defense, in order to stimulate the production of that commodity, which would be badly needed at the time for national defense. Am I right or wrong?

Mr. CAPEHART. Let us read subsection (b) which is being sought to be stricken out. It reads:

(b) The President may provide exemptions from, suspensions of, or adjustments to ceilings in the case of any materials or services or transactions therein, or types of employment, or housing accommodations of any class or in any area, if he finds that (1) such exemption, suspension, or adjustment is necessary for national defense, or (2) the imposition or maintenance of such ceilings would be impracticable or unnecessary in order to effectuate the purposes of this title.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. CAPEHART. I should like to say that the President cannot arbitrarily do these things. He must do them if it is in the interest of national defense. Let me say that the freeze would never be used—and I hope we will never have wage, price, and rent controls—unless it is in the interest of the national defense. We are not talking about peacetime.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. Mr. President, I wish to call attention to the fact that it is my understanding of the bill, as the ranking minority member of the committee—and I hope that the chairman of the committee will tell me if I am wrong—when we adopted the so-called Byrd amendment it gave Congress the right to declare the emergency, and from that we would naturally presume that Congress would write the law. Is that correct?

Mr. CAPEHART. Yes.

Mr. MAYBANK. Therefore, for all practical purposes, the President has no authority to exempt newspapers, for example, or anything else. Although I shall reluctantly vote for the bill, in view of the adoption of the Byrd amendment the President has practically no authority whatever in that connection. Am I correct?

Mr. CAPEHART. Since the Senate adopted the Byrd amendment there must be a declaration of war before the act can go into effect, or it must be done by concurrent resolution adopted by both Houses of Congress. Therefore, I do not know why Senators are taking the time to discuss the Bricker amendment.

Mr. HOLLAND. Mr. President, will the Senator from Indiana yield further? I am trying to assist him.

Mr. CAPEHART. I yield to the Senator from Florida.

Mr. HOLLAND. It seems to me, in the event the pending amendment is adopted, the President would be left without power to increase the price in order to enlarge the production of a commodity which was badly needed in vastly increased quantities, because of the fact that we were in the emergency which had brought on the freeze. For example, suppose it were necessary for national defense to multiply by many times the commercial production of penicillin. If the provision referred to in the bill is eliminated, the President would be left powerless to exempt the production of penicillin by commercial laboratories, or to exempt the price of penicillin from the price freeze.

It is that particular part of paragraph (b) which is sought to be stricken, which the Senate ought to be aware of. Surely, when we get into a serious emergency, or if a war is declared, there will be many commodities of which we will need a vastly increased production. To bring that about we may have to force the production in such a way as to greatly increase the price of the unit produced. Surely, Senators do not want, by the adoption of this amendment, to strike from the bill the power of the President to stimulate the production of such needed articles.

Mr. MAYBANK. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. MAYBANK. As I understand the effect of the amendment of the Senator from Virginia [Mr. BYRD], it limits the period of time within which the powers of the President would become effective.

Of course, I intend to vote in favor of the bill, along with the distinguished chairman of the committee and the Senator from Florida [Mr. HOLLAND].

Since it would be necessary to have first of all a declaration of war—and I hope and pray that we will not have another war—it was the judgment of those who supported the Byrd amendment that Congress would be able to act within 48 hours after such a declaration of war. Does the Senator from Indiana believe that 48 hours after such a declaration we would be able to determine all the questions which would arise in connection with a control measure?

Mr. CAPEHART. Well, we have been in session since 12 o'clock noon today, and we cannot even agree on a few things. So I do not know what we would do in the case of a national emergency. I assume we would work a little faster.

Mr. HOLLAND. Mr. President, I should like the Senator to answer my question. Is it not true that if subsection (b) of section 801 is stricken from the bill, the President would be precluded from exempting from the operation of any freeze which was ordered the production of articles which would be badly needed for a war effort and which, because of the great need, would have to be increased in price in order to have such articles produced quickly and in adequate quantity?

Mr. CAPEHART. Yes. One of the things the President said he hoped would happen if Congress gave him a standby control bill was that the bill would provide for flexibility of operation.

Mr. BUSH. Mr. President, will the Senator from Indiana yield to me?

The PRESIDING OFFICER (Mr. BEALL in the chair). Does the Senator from Indiana yield to the Senator from Connecticut?

Mr. CAPEHART. I yield.

Mr. BUSH. In answer to the Senator from Florida, certainly it would seem that if there were a shortage of a certain commodity, such as penicillin, it would be impossible to take care of that situation within the period of 90 days; and hearings would have to be held in order to determine whether relief should be accorded anyone.

So Congress would have to determine whether an exception should be made, and that determination would have to be made by Congress while it was in session, following the time when the emergency had been declared.

If there are to be exceptions, Congress should provide for them.

Mr. HOLLAND. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. HOLLAND. I hope the Senator from Indiana will insist at least on the inclusion of subdivision (1) of subsection (b). The second subdivision is not so necessary, because it relates to a relatively unimportant matter. Subdivision (2) reads:

The imposition or maintenance of such ceilings would be impracticable or unnecessary in order to effectuate the purposes of this title.

The omission of that provision would not be a matter of grave importance.

But if subdivision (1), which I have already read into the record, were deleted from the bill, certainly the President would not have power to exempt from a freeze order the many articles which would have to be immediately forced into greatly increased production. I have in mind medical supplies of many kinds. Suppose the emergency came upon us like a blast in the night, and suppose we then needed an increased production of bandages and an increased production of various kinds of necessary medicines, which would have to be ob-

tained from every available commercial source. Should the President in that case be without power immediately to exempt all those articles from the price freeze, and should he be without power to offer such attractive prices on those articles that the production of them would be immediately increased?

I think to ask the question is to answer it. None of us would wish to have the President left in that position.

So I hope that the Senate will at least give the President the power to stimulate the production of commodities which would be needed in the event of such an emergency.

Mr. CAPEHART. Does the Senator from Florida recommend that subdivision (2), of subsection (b), be deleted?

Mr. HOLLAND. If anything has to be deleted, let subdivision (2) be deleted. However, I am not suggesting that any part of the subsection be deleted.

Mr. CAPEHART. I would rather have subdivision (1) deleted; but, as a matter of fact, I do not think any part of subsection (b) should be deleted.

Mr. BRICKER. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. BRICKER. I may say that the making of exemptions and exceptions is, under the theory of the bill, a responsibility of the Congress, in connection with the writing of the complete controls legislation.

I cannot emphasize any more strongly than did the Senator from Connecticut [Mr. BUSH] that if this exemption provision is not stricken from the bill, the President or an administrative force will hold hearings downtown, and might decide to exempt certain commodities which Congress might feel should not be exempted. Then Congress would have to hold hearings, and thus there would be a most complicated procedure, unless this particular provision is deleted from the bill.

I think the character of the freeze bill must be carefully preserved if we are to enact the bill into law.

Mr. CAPEHART. Mr. President, I think the time has come to vote. I repeat that in my best judgment—and the committee so decided by a vote of 12 to 3—we should leave this subsection just as it is.

I again say—and I do so in the best possible humor—that Senators who are trying to delete the subsection are Senators who are opposed to price, wage, and rent control.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. BRICKER. Mr. President, how much time remains to me?

The PRESIDING OFFICER. The Senator from Ohio has 7 minutes remaining.

Mr. BRICKER. Mr. President, I desire to suggest the absence of a quorum.

Mr. SPARKMAN. Mr. President, will the Senator from Ohio yield to me for a question?

Mr. BRICKER. I yield.

Mr. SPARKMAN. With reference to the amendment of the Senator from Ohio, it has been stated several times

that the President would hold hearings downtown. Let me inquire whether the bill contains any provision to the effect that the President will be required to hold hearings for the purpose of making such findings of fact?

Mr. BRICKER. The bill does not contain a provision which would require the President to hold hearings before putting the law into effect. Undoubtedly the President of the United States would not—and I trust him not to do this—put into effect an arbitrary exemption or qualification or restriction unless he did hold hearings. I know of no other way by which the President could ascertain the facts of the matter.

Mr. SPARKMAN. My point is that no formal hearing plan is provided by the bill; is that correct?

Mr. BRICKER. Yes; the bill does not contain provision for machinery of any kind in that respect.

Mr. SPARKMAN. The President would have to take whatever steps he might desire to take, in order to determine the facts applying to such a situation; is that correct?

Mr. BRICKER. Yes. That is one of the weaknesses of the bill; it does not contain definite provision for the President to have available to him machinery by which he would be able to determine the nature of the freeze.

Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McCarthy
Anderson	Griswold	McClellan
Barrett	Hayden	Millikin
Beall	Hendrickson	Monroney
Bennett	Hennings	Morse
Bricker	Hickenlooper	Mundt
Bridges	Hill	Neely
Bush	Hoey	Pastore
Butler, Md.	Holland	Payne
Byrd	Humphrey	Potter
Capehart	Hunt	Purtell
Carlson	Ives	Robertson
Case	Jackson	Saltonstall
Cooper	Jenner	Schoeppel
Cordon	Johnson, Colo.	Smathers
Daniel	Johnson, Tex.	Smith, Maine
Dirksen	Johnston, S. C.	Smith, N. J.
Douglas	Kefauver	Sparkman
Duff	Kennedy	Stennis
Dworshak	Kilgore	Symington
Eastland	Knowland	Taft
Ellender	Kuchel	Thye
Ferguson	Langer	Tobey
Flanders	Lehman	Watkins
Frear	Long	Welker
Fulbright	Magnuson	Wiley
George	Malone	Williams
Gillette	Mansfield	Young
Goldwater	Martin	
Gore	Maybank	

The PRESIDING OFFICER. A quorum is present. The question is on amendment B of the Senator from Ohio [Mr. BRICKER], to the committee substitute, as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Nebraska [Mr. BUTLER] is necessarily absent.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Oklahoma [Mr. KERR], the Senator from Georgia

[Mr. RUSSELL], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate on official business.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Montana [Mr. MURRAY] are absent by leave of the Senate.

I announce further that, if present and voting, the Senator from Kentucky [Mr. CLEMENTS], the Senator from Montana [Mr. MURRAY], and the Senator from North Carolina [Mr. SMITH] would vote "nay."

The result was announced—yeas 48, nays 40, as follows:

YEAS—48

Barrett	Flanders	Millikin
Beall	George	Morse
Bennett	Goldwater	Mundt
Bricker	Griswold	Payne
Bridges	Hendrickson	Potter
Bush	Hickenlooper	Purtell
Butler, Md.	Ives	Saltonstall
Byrd	Jenner	Schoeppel
Carlson	Johnson, Colo.	Smith, Maine
Case	Kennedy	Smith, N. J.
Cordon	Knowland	Taft
Dirksen	Kuchel	Thye
Dworshak	Malone	Watkins
Eastland	Martin	Welker
Ellender	McCarthy	Wiley
Ferguson	McClellan	Williams

NAYS—40

Aiken	Hill	Mansfield
Anderson	Hoey	Maybank
Capehart	Holland	Monroney
Cooper	Humphrey	Neely
Daniel	Hunt	Pastore
Douglas	Jackson	Robertson
Duff	Johnson, Tex.	Smathers
Frear	Johnston, S. C.	Sparkman
Fulbright	Kefauver	Stennis
Gillette	Kilgore	Symington
Gore	Langer	Tobey
Green	Lehman	Young
Hayden	Long	
Hennings	Magnuson	

NOT VOTING—8

Butler, Nebr.	Kerr	Russell
Chavez	McCarran	Smith, N. C.
Clements	Murray	

So Mr. BRICKER's amendment to the amendment was agreed to.

Mr. DANIEL. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Texas.

The CHIEF CLERK. On page 24, line 20, it is proposed to insert the following:

(b) The authority conferred by this title shall not be exercised with respect to the following: prices, or rentals for materials furnished for publication by any press association or feature service, or books, magazines, motion pictures, periodicals or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities.

Mr. DANIEL. Mr. President, the purpose of this amendment is simply to place in the bill exactly the same exemption which has always been in defense production acts with reference to newspapers, television, radio, and other means of communication.

The Senate has just eliminated a section which would have authorized the

President to make exemptions. It might not have been necessary to offer my amendment had the authority been left with the President to make such exemptions. However, since that authority has been eliminated, I believe it is necessary, if we are going to follow the historical practice which Congress has followed in exempting newspapers, radio, television, and other communication facilities from the provisions of the controls acts, for us to so provide in this bill. The committee realized this. It said in its report:

Your committee is aware that it is impractical to freeze some categories of our economy. Historically, certain categories such as newspapers and other informational media and public utilities regulated by Federal, State, or local authority have been exempted from controls.

The committee continued by saying that it was giving the President power to make such exemptions. Of course, that part of the bill has now been eliminated, so I hope the Senate will agree to this amendment, worded exactly as the exemption for newspapers, radio, and television was worded in the present Defense Production Act.

Congress has always realized that this is a category of the economy that should not be under controls, even for a 90-day period. Here we have involved the exercise of freedom of the press and freedom of speech. In my opinion, it is not a wise thing in our country to have the press, radio, television, and moving pictures under economic controls, because they have been mediums used in support of our national defense from the very beginning of every emergency, and it is entirely possible that controls would harm the work that they could contribute to our national defense effort, even during a 90-day period.

So I urge the Senate to agree to this amendment and write into the bill what has always been a part of our defense production acts in the past, and exempt these important mediums of communication from this bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. DANIEL] to the committee substitute as modified.

The amendment to the amendment was agreed to.

Mr. CAPEHART. Mr. President, I call up my amendment designated "5-13-53-C," and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 20, line 21, it is proposed to strike out "on the general distribution of" and insert in lieu thereof "allocate."

On page 20, line 20, it is proposed to insert "allocation" before "controls."

On page 20, line 21, it is proposed to strike out "on the general distribution."

Mr. CAPEHART. Mr. President, this is purely a technical amendment. I think the language of the bill will be improved from the viewpoint of what is intended. I ask that the amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment of the Senator from Indiana [Mr. CAPEHART] to the committee substitute as modified.

The amendment to the amendment was agreed to.

Mr. CAPEHART. Mr. President, I send to the desk an amendment and ask that it be stated. This is purely a technical amendment for clarification, and is necessary since we have amended section 104.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 22, line 9, it is proposed to strike out "Titles I," and insert in lieu thereof "Title I (except section 104), and titles."

On page 22, line 15, it is proposed to strike out "Title" and insert in lieu thereof "Section 104 of title I and title."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART] to the committee substitute, as modified.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CAPEHART. Mr. President, I have one other technical amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 20, line 22, after the word "on", it is proposed to strike out "June 30" and insert "July 1."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART] to the committee substitute, as modified.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I call up my amendment 5-12-53-B, and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 27, after line 2, it is proposed to insert the following new section:

SEC. . The last sentence of subsection (1) of section 204 of the Housing and Rent Act of 1947, as amended, is amended to read as follows: "No area shall be certified as a critical defense housing area under the authority granted in this subsection unless both of the following conditions exist in such area:

"(1) A defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded; and

"(2) A substantial shortage of housing exists or impends which has resulted or threatens to result in excessive rent increases."

Mr. DOUGLAS. Mr. President, I wish to begin by paying a tribute to the chairman of the Committee on Banking and Currency, the very able Senator from Indiana [Mr. CAPEHART]. I have hitherto refrained from paying him tribute during this debate, lest it lower his standing among his colleagues on his side of the aisle. Now, since I

think no further damage can be done to him, since all the injury which mortal flesh can receive and endure has already been inflicted, I think perhaps it would not be inappropriate to express what is in my heart, namely, that, not as a Democrat, but as an American, I pay tribute to him for his courtesy, his courage, his intelligence, and his fine public service.

I do not suppose that the Senate is in any mood for an amendment which will strengthen controls. Nevertheless I feel duty bound to rise and make this proposal.

When critical defense areas were first defined in the Housing and Rent Control Act, there were three qualifications that had to be met to justify imposition of rent controls, namely, that there must be: first, new, reactivated or expanded governmental defense installations or private installations working on defense contracts; second, a substantial in-migration of defense labor or military personnel; and third, a substantial housing shortage. Now when this law was amended by the act of April 30, 1953, extending general rent controls for only 3 months, the definition of "critical defense housing area" was further narrowed to apply only to areas with a Department of Defense or Atomic Energy Commission plant or installation.

The result has been that a number of big cities now under general rent controls that expire July 31, which have plants with a large volume of defense contracts, will not be able to qualify under the critical defense area provision, even though there is a marked housing shortage. This may be because there is no military installation or atomic energy plant there or because there has not been an in-migration of labor; and there has not been any in-migration of labor in some cases because there has been a housing shortage, and people have not been able to find housing accommodations in those cities.

The amendment which I am proposing strikes out the requirement that there must be substantial in-migration. It likewise restores the application of the definition to areas with private defense plants. It provides simply that for an area to be classified as a critical defense housing area there shall be a substantial shortage of housing, and there must be new or expanded defense work that is being conducted either by public agencies or by private agencies.

This is of great importance to such cities as Boston, Chicago, Pittsburgh, Newark, Philadelphia, Camden, Baltimore, Cleveland, St. Louis, Minneapolis, St. Paul, Kansas City, San Francisco, and many other cities in the United States which otherwise will be without needed protections.

I point out that this would not be mandatory; it would merely permit the Secretary of Defense and the Director of Defense Mobilization, if they find that there is a substantial shortage, and if they find that new or expanded defense work is being conducted in large degree, to define a city as being in a critical defense housing area and thus permit the President to institute the necessary pro-

tections for tenants against the effects of this severe housing shortage.

Mr. CAPEHART. Mr. President, I appreciate very much the compliment the able Senator from Illinois has paid me. However, I am reluctantly inclined to be opposed to his amendment. I believe the Senator is attempting in effect, to amend the Rent Control Act which was passed 3 weeks ago by both the Senate and the House and is now law. For that reason, I do not believe the Senate should consider the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS] to the committee substitute, as modified.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on agreeing to the committee substitute as modified.

The committee substitute as modified was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THE WORK OF THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

Mr. MUNDT. Mr. President, much has been said in discussion of public affairs about UNESCO. Before many days or weeks, the Senate will have before it as an item in an appropriation bill the question of providing funds for UNESCO.

To the end that Members of Congress may familiarize themselves with some of the work which has been undertaken by the United Nations Educational, Scientific, and Cultural Organization, and so that they will not have to engage in blind flying when the discussion ensues with respect to the appropriation, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a letter directed to me under date of May 11, 1953, by Mr. Walter H. C. Laves, Chairman of the United States National Commission for UNESCO, which gives a brief but effective review of some of the good things being done by that organization.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
THE UNITED STATES
NATIONAL COMMISSION FOR UNESCO,
Washington, D. C. May 11, 1953.
The Honorable KARL E. MUNDT,
United States Senate.

MY DEAR SENATOR MUNDT: On behalf of the United States National Commission for UNESCO, it is my pleasant privilege to recall to your mind an historic event which took place 8 years ago and in which you played a major part. At that time steps were taken to assure international action in support of principles basically identical with those found in the United States Constitution and the Bill of Rights.

On May 22, 1945, the House of Representatives adopted House Resolution 215, which you had introduced, in which the House urged * * * the participation by the Government of the United States in the creation of an international educational and cultural organization * * * Two days later the Senate adopted a similar resolution introduced by Senator J. WILLIAM FULBRIGHT and Senator ROBERT A. TAFT. Pursuant to these resolutions, the United States helped to establish the United Nations Educational, Scientific, and Cultural Organization. Two Members of Congress, Senator JAMES E. MURRAY and Representative CHESTER E. MERROW, were members of the United States delegation to the Conference at which the constitution of UNESCO was drawn up. Subsequently Congress authorized the acceptance of membership in UNESCO by the United States and the establishment of a National Commission to advise the Government, and to serve as an agency of liaison on UNESCO matters.

In view of the personal initiative and interest which you thus showed in the establishment of UNESCO, together with these colleagues in Congress, I should like to take this occasion to give each of you a brief report—a progress report—about the Organization and the National Commission.

UNESCO is rendering to its member states the services which you envisaged for the organization in H. R. 215: “* * * for the purpose of advising together and to consider problems of international education and cultural relations throughout the world and more particularly to organize a permanent international agency to promote educational and cultural relations, the exchange of students, scholars, and other educational and cultural leaders and materials, and the encouragement with each country of friendly relations among nations, peoples, and cultural groups.”

You will be pleased to know how far UNESCO has gone in living up to these expectations.

UNESCO SERVICES

UNESCO has responded to the urgent requests of more than 20 of the less developed nations for help in raising their levels of education.

It has pioneered a system of fundamental education which helps improve health, nutrition, and literacy, and thus promises to raise the standard of living of the more than half of the world's population which can neither read nor write.

It has brought together teachers from many countries and in many separate conferences for the study of common educational problems.

It has demonstrated to countries without public libraries how they can establish these and use them for democratic educational purposes.

It is helping member states undertake scientific research to improve living conditions. Notably it promotes study of ways in which semidesert regions can be brought into cultivation.

It has made possible the renewal of contacts between scientists, educators, and creative artists in the postwar world, thus upholding the free exchange of knowledge and ideas.

Schools and libraries in soft currency countries have found a way to obtain books, laboratory equipment and other necessary supplies from hard currency countries through the UNESCO coupon plans. In 1952 this made possible purchases from the United States to an amount of over half a million dollars.

Fellowships and travel grants awarded by UNESCO have helped educators, scientists, youth leaders, and trade union members from over 40 countries to study in other countries.

The international interchange of students and teachers is greatly helped, too, by UNESCO's publications, Study Abroad and Teaching Abroad which list annually the fellowships and teaching opportunities in many countries that are open to candidates from other lands.

UNESCO has helped people in the free world understand the principle of collective security, as defended by the United Nations in Korea.

Most important of all, UNESCO is demonstrating to the people of the free world how they can secure social and economic advancement through free institutions and through peaceful international cooperation.

May I mention a few typical pieces of UNESCO work that have come to my personal attention recently.

RAISING EDUCATIONAL LEVELS

In 1952 alone, UNESCO was asked by member governments to send out 22 educational missions. The purpose of these was to provide expert help in planning public educational reforms, to recommend methods of financing such reforms, and to propose ways of improving school administration. These teams of international composition and character would have been impossible without UNESCO.

This large number of advisory services was requested because previous missions sent out under UNESCO auspices had been singularly successful. I talked about this at the Paris General Conference of UNESCO last November with an official of the Ministry of Education of Thailand. He told me about the changes that have been undertaken in the Siamese educational system as the result of the educational mission which his government had requested UNESCO to send 2 years ago. A 10-year plan for educational development has been approved and a supplemental scheme is already in operation in one area where all types and grades of educational activities are being reorganized.

The delegate from Burma told me that his government had doubled its budget for public education and was in the midst of building 1,000 new primary schools, 240 secondary schools, and a teacher training center. This was the direct result of the recommendations of a UNESCO educational mission which had been adopted by the Burmese Government. Important progress has been made in Afghanistan and many other countries.

A few months ago I was in Cairo when the final plans were made for the establishment of a fundamental education center for the Arab states. Illiteracy rates in this region range from 50 to 70 percent. This center has now opened and the first class has teams of 5 trainees from each of the 6 cooperating countries. Within a year there should be 200 trainees enrolled. The center is modeled on the Fundamental Education Center in Mexico, which is supported by UNESCO, the Mexican Government, and the Organization of the American States. Fifty teachers were graduated this year from the Mexican center. They have returned to their countries in Latin America to establish similar national schools run by their own governments.

METHODS BY WHICH UNESCO HAS WORKED

These services, like all else that is done by the organizations, are undertaken by UNESCO only on the request of the member states. I can assure you, from personal experience as Deputy Director General of UNESCO for nearly 4 years, and from subsequent observation, that UNESCO carries out in the letter and the spirit the provision of its constitution that, “with a view to preserving the independence, integrity, and fruitful diversity of the states members of this organization, the organization is prohibited from intervening in matters which are essentially within their jurisdiction.”

UNESCO's work throughout its program rests on and supports and promotes the free

exchange of knowledge and ideas. It is a continuous attack, by practical action, against the Iron Curtain philosophy. Fellowships for study abroad, international seminars for scientists, scholars, and teachers, expert advice given on request, publications bringing the concentrate of free scholarly inquiry or divergent opinions—these are its chief methods of action.

INCREASING UNESCO MEMBERSHIP

As you know, this agency unites the American people in the cause of freedom, understanding, and friendship with the people of over 60 other countries.

Six years ago, when UNESCO's first conference was held, there were 34 member states. The number has increased steadily each year. At its last meeting, UNESCO accepted the application of Spain, Libya, and Nepal. Countries which have gained their independence have at once applied for membership in UNESCO—countries such as Indonesia, Cambodia, Viet Nam, Burma, Ceylon, and Pakistan. Germany and Japan have sought and received admission; thus UNESCO brings former enemy peoples back into the family of nations.

I am sure that you will regret with me that the peoples of some countries are kept outside UNESCO by the will of their governments, but it is easy to understand why Soviet Russia has refused to subscribe to the principles of UNESCO, and why the Governments of Poland, Czechoslovakia, and Hungary have withdrawn from UNESCO, since they have become satellites of the U. S. S. R., and since UNESCO has begun to be effective.

The Polish Government, in its letter of withdrawal, last December, alleged that UNESCO is turning itself into an obedient instrument of the cold war launched by American imperialism; that UNESCO has supported Anglo-American aggression in Korea.

These distortions and falsehoods were rejected by the General Conference of UNESCO, which declared “that the allegations contained in the aforesaid communication are completely unfounded.”

SOME UNITED STATES MISUNDERSTANDINGS ABOUT UNESCO

I should like to remark briefly on two points about which some misunderstanding exists in the United States.

First, all who sincerely wish that international cooperation through organization may succeed are concerned lest Americans who are disloyal or are engaged in subversive activities should find employment in international agencies. The Executive Committee of the United States National Commission at one of its first meetings in 1947 declared that persons employed by UNESCO should be truly and fully representative of their countries, and the National Commission assisted UNESCO to find Americans who meet this standard. About 60 Americans are employed by UNESCO headquarters in Paris, which has a total staff of about 800, and some 50 other Americans are employed by UNESCO in other parts of the world. I am confident that the great majority of these Americans employed by UNESCO are completely loyal citizens, and I believe that measures now being taken will assure that no American will be employed by UNESCO except those known to be loyal.

I wish also to touch on another point which may have come to your notice—the allegation that UNESCO is trying to impose some doctrine on our schools, designated as one-world government. This false charge was first aired in a newsletter issued by a certain organization and has been widely repeated, although frequently refuted. The truth is that in several pamphlets for teachers (not for pupils) some opinions expressed in international conferences of teachers invited from various countries are reported,

83^d CONGRESS
1ST SESSION

S. 1081

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1953

Referred to the Committee on Banking and Currency

AN ACT

To provide authority for temporary economic controls, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Defense Production and
4 Temporary Controls Act of 1953".

5 SEC. 2. Section 2 of the Defense Production Act of
6 1950, as amended, is amended to read as follows:

7 "DECLARATION OF POLICY

8 "SEC. 2. It is the policy of the United States to oppose
9 acts of aggression and to promote peace by insuring respect
10 for world law and the peaceful settlement of differences
11 among nations. To that end this Government is pledged

1 to support collective action through the United Nations and
2 through regional arrangements for mutual defense in con-
3 formity with the Charter of the United Nations. The United
4 States is determined to develop and maintain whatever
5 military and economic strength is found to be necessary to
6 carry out this purpose.

7 “Defense production requires some diversion of certain
8 materials and facilities from civilian use to military and
9 related purposes. It requires expansion of productive facilities
10 beyond the levels needed to meet the civilian demand.

11 “Moreover, there is the ever-present threat of further
12 Communist aggression which may seriously jeopardize the
13 American economic system unless proper safeguards exist
14 for the imposition of certain economic controls in the event
15 of a grave national emergency. The necessity for such safe-
16 guards is emphasized by the speedily destructive force of
17 modern warfare which allows no delay in the taking of
18 Executive action to insure the preservation of the well-
19 being of the economy. This Act provides a basis for the
20 imposition of price, wage, and rent controls for a temporary
21 period in the event serious economic dislocations develop
22 which threaten the national security or welfare.

23 “It is the sense of the Congress that direct economic

1 controls are incompatible with the American free enterprise
2 system and should be invoked only if an emergency arises
3 serious enough to threaten the economic well-being or se-
4 curity of the United States. However, if such an emergency
5 should develop the President must have the power to employ
6 immediate economic controls for such reasonable period of
7 time as will give Congress an opportunity to act.”

8 SEC. 3. Section 101 of the Defense Production Act
9 of 1950, as amended, is amended to read as follows:

10 “SEC. 101. (a) The President is hereby authorized (1)
11 to require that performance under contracts or orders (other
12 than contracts of employment) which he deems necessary
13 or appropriate to promote the national defense shall take
14 priority over performance under any other contract or
15 order, and, for the purpose of assuring such priority, to
16 require acceptance and performance of such contracts or
17 orders in preference to other contracts or orders by any
18 person he finds to be capable of their performance, and (2)
19 to allocate materials and facilities in such manner, upon such
20 conditions, and to such extent as he shall deem necessary
21 or appropriate to promote the national defense.

22 “(b) The powers granted in this section shall not be
23 used to control the general distribution of any material in the

1 civilian market unless the President finds (1) that such
2 material is a scarce and critical material essential to the na-
3 tional defense, and (2) that the requirements of the national
4 defense for such material cannot otherwise be met without
5 creating a significant dislocation of the normal distribution
6 of such material in the civilian market to such a degree as
7 to create appreciable hardship.”

8 SEC. 4. Subsection (a) of section 301 of the Defense
9 Production Act of 1950, as amended, is amended by striking
10 out “, or in connection with or in contemplation of the
11 termination,” and by inserting before the period at the end
12 thereof a comma and the following: “or for the purpose of
13 financing any contractor, subcontractor, or other person in
14 connection with or in contemplation of the termination, in the
15 interest of the United States, of any contract made for the
16 national defense; but no small-business concern (as defined
17 in section 714 (a) (1) of this Act) shall be held ineligible
18 for the issuance of such a guaranty by reason of alternative
19 sources of supply”.

20 SEC. 5. Subsection (b) of section 303 of the Defense
21 Production Act of 1950, as amended, is amended by strik-
22 ing out “1962” and inserting in lieu thereof “1963”.

23 SEC. 6. Section 303 of the Defense Production Act of

1 1950, as amended, is amended by adding at the end thereof a
2 new subsection as follows :

3 “(f) Notwithstanding any other provision of law to the
4 contrary, metals, minerals, and materials acquired pursuant
5 to the provisions of this section which, in the judgment of the
6 President, are excess to the needs of programs under this Act,
7 shall be transferred to the national stockpile established pur-
8 suant to the Act of June 7, 1939, as amended (50 U. S. C.
9 98-98h), when the President deems such action to be in the
10 public interest.

11 “Transfers made pursuant to this subsection shall be made
12 without charge against or reimbursement from funds avail-
13 able under such Act of June 7, 1939, as amended, except
14 that costs incident to such transfer other than acquisition costs
15 shall be paid or reimbursed from such funds, and the acqui-
16 sition costs of such metals, minerals, and materials transferred
17 shall be deemed to be net losses incurred by the transferring
18 agency and the notes payable issued to the Secretary of the
19 Treasury representing the amounts thereof shall be canceled.
20 Upon the cancellation of any such notes the aggregate
21 amount of borrowing which may be outstanding at any one
22 time under section 304 (b) of this Act, as amended, shall
23 be reduced in an amount equal to the amount of any notes
24 so cancelled.”

1 SEC. 7. Title VI of the Defense Production Act of
2 1950, as amended, is amended to read as follows:

3 “TITLE VI—CONTROL OF CONSUMER AND
4 REAL ESTATE CREDIT

5 “THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER
6 CREDIT AND REAL ESTATE CONSTRUCTION CREDIT
7 ONLY

8 “SEC. 601. To assist in carrying out the objectives of
9 this Act, the Board of Governors of the Federal Reserve
10 System is authorized, notwithstanding the provisions of
11 Public Law 386, Eightieth Congress (61 Stat. 921), to
12 exercise consumer credit controls in accordance with and
13 to carry out the provisions of Executive Order Numbered
14 8843 (August 9, 1941).

15 “SEC. 602. (a) To assist in carrying out the purposes
16 of this Act, the President is authorized from time to time to
17 prescribe regulations with respect to such kind or kinds of
18 real estate construction credit which thereafter may be ex-
19 tended as, in his judgment, it is necessary to regulate in
20 order to prevent or reduce excessive or untimely use of or
21 fluctuations in such credit. Such regulations may, among
22 other things, prescribe maximum loan or credit values, mini-
23 mum down payments in cash or property, trade-in or ex-
24 change values, maximum maturities, maximum amounts of
25 credit, rules regarding the amount, form, and time of various

1 payments, rules against any credit in specified circumstances,
2 rules regarding consolidations, renewals, revisions, transfers,
3 or assignments of credit, and rules regarding other similar or
4 related matters. Such regulations may classify persons and
5 transactions and may apply different requirements thereto,
6 and may include such administrative provisions as in the
7 judgment of the President are reasonably necessary in order
8 to effectuate the purposes of this section or to prevent evasions
9 thereof.

10 “In prescribing and suspending such regulations, includ-
11 ing changes from time to time to take account of changing
12 conditions, the President shall consider, among other factors,
13 (1) the level and trend of real estate construction credit and
14 the various kinds thereof, (2) the effect of the use of such
15 credit upon (i) purchasing power and (ii) demand for real
16 property and improvements thereon and for other goods and
17 services, (3) the need in the national economy for the main-
18 tenance of sound credit conditions, and (4) the needs for
19 increased defense production.

20 “(b) No person shall extend or maintain any real
21 estate construction credit, or renew, revise, consolidate, re-
22 finance, purchase, sell, discount, or lend or borrow on, any
23 obligation arising out of any such credit, or arrange for any
24 of the foregoing, in contravention of any regulation prescribed
25 by the President pursuant to this section. Any person who

1 extends or maintains any such credit, or renews, revises, con-
2 solidates, refinances, purchases, sells, discounts, or lends or
3 borrows on, any obligation arising out of any such credit,
4 or arranges for any of the foregoing, shall make, keep, and
5 preserve for such periods, such accounts, correspondence,
6 memoranda, papers, books, and other records, and make such
7 reports, under oath or otherwise, as the President may by
8 regulation require as necessary or appropriate in order to
9 effectuate the purposes of this section; and such accounts,
10 correspondence, memoranda, papers, books, and other records
11 shall be subject at any time to such reasonable periodic,
12 special, or other examinations by examiners or other repre-
13 sentatives of the President as the President may deem neces-
14 sary or appropriate. The requirements of this section apply
15 whether a person is acting as principal, agent, broker, vendor,
16 or otherwise.

17 “(c) To assist in carrying out the purposes of this sec-
18 tion, the President by regulation may require transactions
19 or persons or classes thereof subject to this section to be
20 registered; and, after notice and opportunity for hearing, the
21 President by order may suspend any such registration for
22 violation of this section or any regulation prescribed by the
23 President pursuant to this section. The provisions of section
24 25 of the Securities Exchange Act of 1934, as amended,
25 shall apply in the case of any such order of the President in

1 the same manner that such provisions apply in the case of
2 orders of the Securities and Exchange Commission under
3 that Act. In carrying out this section, the President may
4 act through and may utilize the services of the Board of
5 Governors of the Federal Reserve System, the Federal Re-
6 serve banks, and any other agencies, Federal or State, which
7 are available and appropriate.

8 “(d) For the purposes of this section, unless the context
9 otherwise requires, the following terms shall have the follow-
10 ing meanings, but the President may in his regulations fur-
11 ther define such terms and, in addition, may define tech-
12 nical, trade, accounting, and other terms, insofar as any such
13 definitions are not inconsistent with the provisions of this
14 section:

15 “(1) ‘Real estate construction credit’ means any credit
16 which (i) is wholly or partly secured by, (ii) is for the
17 purpose of purchasing or carrying, (iii) is for the purpose
18 of financing, or (iv) involves a right to acquire or use, new
19 construction on real property or real property on which there
20 is new construction. As used in this paragraph the term
21 ‘new construction’ means any structure, or any major addi-
22 tion or major improvement to a structure, which has not been
23 begun before the effective date of any regulation issued under
24 subsection (a) of this section after the date of enactment of

1 the Defense Production and Temporary Controls Act of
2 1953. As used in this paragraph the term 'real property'
3 includes leasehold and other interests therein. Notwith-
4 standing the foregoing provisions of this paragraph, the term
5 'real estate construction credit' shall not include any loan or
6 loans made, insured, or guaranteed by any department, in-
7 dependent establishment, or agency in the executive branch
8 of the United States Government, or by any wholly owned
9 Government corporation, or by any mixed ownership Gov-
10 ernment corporation as defined in the Government Cor-
11 poration Control Act, as amended.

12 “(2) 'Credit' means any loan, mortgage, deed of trust,
13 advance, or discount; any conditional sale contract; any con-
14 tract to sell, or sale or contract of sale of, property or services,
15 either for present or future delivery, under which part or all
16 of the price is payable subsequent to the making of such sale
17 or contract; any rental-purchase contract, or any contract for
18 the bailment, leasing, or other use of property under which
19 the bailee, lessee, or user has the option of becoming the owner
20 thereof, obligates himself to pay as compensation a sum sub-
21 stantially equivalent to or in excess of the value thereof, or has
22 the right to have all or part of the payments required by such
23 contract applied to the purchase price of such property or
24 similar property; any option, demand, lien, pledge, or similar
25 claim against, or for the delivery of property or money; any

1 purchase, discount, or other acquisition of, or any credit un-
2 der the security of, any obligation or claim arising out of
3 any of the foregoing; and any transaction or series of trans-
4 actions having a similar purpose or effect.

5 "SEC. 603. Any person who willfully violates any pro-
6 vision of section 601, 602, or 605, or any regulation or or-
7 der issued thereunder, upon conviction thereof, shall be fined
8 not more than \$5,000 or imprisoned not more than one year,
9 or both.

10 "SEC. 604. All the present provisions of sections 21 and
11 27 of the Securities Exchange Act of 1934, as amended
12 (relating to investigations, injunctions, jurisdictions, and
13 other matters), shall be as fully applicable with respect to the
14 exercise by the Board of Governors of the Federal Reserve
15 System of credit controls under section 601 as they are now
16 applicable with respect to the exercise by the Securities and
17 Exchange Commission of its functions under that Act, and
18 the Board shall have the same powers in the exercise of such
19 credit controls as the Commission now has under the said
20 sections 21 and 27.

21 "SEC. 605. To assist in carrying out the objectives of
22 this Act the President may at any time or times, notwith-
23 standing any other provision of law, reduce, for such period
24 as he shall specify, the maximum authorized principal
25 amounts, ratios of loan to value or cost, or maximum ma-

1 turities of any type or types of loans on real estate which
2 thereafter may be made, insured, or guaranteed by any de-
3 partment, independent establishment, or agency in the exec-
4 utive branch of the United States Government, or by any
5 wholly owned Government corporation or by any mixed-
6 ownership Government corporation as defined in the Gov-
7 ernment Corporation Control Act, as amended, or reduce
8 or suspend any such authorized loan program, upon a determi-
9 nation, after taking into consideration the effect thereof upon
10 conditions in the building industry and upon the national
11 economy and the needs for increased defense production, that
12 such action is necessary in the public interest: *Provided,*
13 That in the exercise of these powers, the President shall pre-
14 serve the relative credit preferences accorded to veterans
15 under existing law. Subject to the provision of this section
16 with respect to preserving the relative credit preferences
17 accorded to veterans under existing law, the President may
18 require lenders or borrowers and their successors and as-
19 signs to comply with reasonable conditions and requirements,
20 in addition to those provided by other law, in connection
21 with any loan of a type which has been the subject of action
22 by the President under this section. Such conditions and
23 requirements may vary for classifications of persons or
24 transactions as the President may prescribe, and failure to
25 comply therewith shall constitute a violation of this section.

1 “SEC. 606. No authority under this title shall be initially
2 invoked with respect to either consumer credit controls or
3 real estate construction credit controls unless and until the
4 President has established ceilings on prices, wages, and rents
5 pursuant to the authority contained in section 801 of this
6 Act; and all authority under this title shall cease to be in
7 effect upon the termination of such ceilings.”

8 SEC. 8. Subsection (c) of section 701 of the Defense
9 Production Act of 1950, as amended, is amended to read as
10 follows:

11 “(c) Whenever the President invokes the powers given
12 him in this Act to allocate any material in the civilian
13 market, he shall do so in such a manner as to make available,
14 so far as practicable, for business and various segments
15 thereof in the normal channel of distribution of such mate-
16 rial, a fair share of the available civilian supply based, so
17 far as practicable, on the share received by such business
18 under normal conditions during a representative period fol-
19 lowing June 30, 1953, and having due regard to periodic
20 changes in the current competitive position of established
21 business: *Provided*, That the limitations and restrictions im-
22 posed on the production of specific items shall not exclude
23 new concerns and newly acquired operations from a fair and
24 reasonable share of total authorized production; and shall

1 give due consideration to the needs of new concerns and
2 newly acquired operations: *Provided further*, That if the
3 President continues or reimposes allocation controls after
4 June 30, 1953, in the civilian market of any materials
5 subject to such controls on July 1, 1953, he shall do so in
6 the manner above provided but on the basis of the share
7 received by such business during a representative period
8 preceding June 24, 1950, adjusted to reflect, since such date,
9 attained competitive position, the requirements of new con-
10 cerns and newly acquired operations.”

11 SEC. 9. Section 702 (d) of the Defense Production
12 Act of 1950, as amended, is amended to read as follows:

13 “(d) The term ‘national defense’ means programs for
14 military and atomic energy production or construction, mili-
15 tary assistance to any foreign nation and stockpiling and
16 directly related activity.”

17 SEC. 10. (a) The fourth sentence of paragraph (1)
18 of subsection (a) of section 714 of the Defense Production
19 Act of 1950, as amended, is amended to read as follows:

20 “For the purposes of this section, a small-business concern
21 shall be deemed to be one which is independently owned and
22 operated and which is not dominant in its field of operation,
23 including producers of strategic and critical minerals and
24 metals.”

25 (b) Paragraph (4) of subsection (a) of section 714

1 of the Defense Production Act of 1950, as amended, is
2 amended by striking out "June 30, 1953" and inserting in
3 lieu thereof "June 30, 1955".

4 SEC. 11. Paragraph (3) of subsection (f) of section
5 714 of the Defense Production Act of 1950, as amended, is
6 amended by inserting after the word "allocated" the first time
7 it appears therein the words "in the civilian market".

8 SEC. 12. Paragraph (4) of subsection (f) of section
9 714 of the Defense Production Act of 1950, as amended,
10 is repealed.

11 SEC. 13. Subsection (a) of section 717 of the Defense
12 Production Act of 1950, as amended, is amended to read
13 as follows:

14 "(a) (1) Title I (except section 104), and titles III,
15 VI, VII and VIII of this Act, and all authority conferred
16 thereunder, shall terminate at the close of June 30, 1955,
17 or at the expiration of ninety days after the issuance on or
18 before that date of an Executive order establishing ceilings
19 under the provisions of section 801 (a) of this Act, which-
20 ever is later.

21 "(2) Section 104 of title I and title II of this Act, and
22 all authority conferred thereunder, shall terminate at the
23 close of June 30, 1953; and titles IV and V of this Act, and
24 all authority conferred thereunder, shall terminate at the close
25 of April 30, 1953."

1 SEC. 14. Subsection (c) of section 717 of the Defense
2 Production Act of 1950, as amended, is amended by adding
3 before the period at the end thereof a comma and the follow-
4 ing: “or the taking of any action (including the making of
5 new guarantees) deemed by a guaranteeing agency to be
6 necessary to accomplish the orderly liquidation, adjustment
7 or settlement of any loans guaranteed under this Act, in-
8 cluding actions deemed necessary to avoid undue hardship
9 to borrowers in reconverting to normal civilian production;
10 and all of the authority granted to the President, guarantee-
11 ing agencies, and fiscal agents, under section 301 of this
12 Act shall be applicable to actions taken pursuant to the
13 authority contained in this subsection”.

14 SEC. 16. The Defense Production Act of 1950, as
15 amended, is amended by adding at the end thereof the fol-
16 lowing new title:

17 “TITLE VIII—TEMPORARY EMERGENCY PRICE,
18 WAGE, AND RENT CEILINGS

19 “SEC. 801. (a) The President is authorized and di-
20 rected, whenever the United States has declared war against
21 a foreign nation, or whenever the Congress, by concurrent
22 resolution, shall find and declare that a grave national emer-
23 gency exists and that the exercise of such authority is neces-
24 sary in the interest of national security and economic sta-
25 bility, to establish simultaneously by Executive order ceil-

ings on (1) the price, rental, commission, margin, rate, fee,
charge, or allowance paid or received on the sale or delivery,
or the purchase or receipt, by or to any person, of materials
and services, (2) wages, salaries, and other compensation
paid or received with respect to employment, and (3) rents
paid or received for the use or occupancy of housing accom-
modations, at those prevailing as of the close of business
on the business day next preceding the day on which
the action is taken, or those prevailing on the nearest date
during the preceding thirty days on which, in the judgment
of the President, they are generally representative, or if none
prevailed during such thirty-day period, then those prevail-
ing on the nearest date on which, in the judgment of the
President, they are generally representative. Notwithstand-
ing the foregoing, (A) the ceiling level for any agricultural
commodity shall be the higher of (i) the level specified
in the foregoing provision, or (ii) the parity price for
the commodity determined and adjusted for grade, location,
and seasonal differentials by the Secretary of Agriculture,
and (B) the ceiling level for any commodity processed or
manufactured in whole or substantial part from any agri-
cultural commodity shall be the higher of (i) the level
specified in the foregoing provision, or (ii) such level as
will reflect to producers of such agricultural commodity a
price for such agricultural commodity equal to the ceiling

1 level specified therefor in this sentence. All ceilings estab-
2 lished under this title shall terminate ninety days after the
3 issuance of such order, or at such earlier time as Congress
4 may by law or concurrent resolution provide, and the au-
5 thority conferred by this title to establish ceilings shall not
6 thereafter be exercised.

7 . “(b) The authority conferred by this title shall not be
8 exercised with respect to the following: prices, or rentals
9 for materials furnished for publication by any press associa-
10 tion or feature service, or books, magazines, motion pictures,
11 periodicals or newspapers, other than as waste or scrap; or
12 rates charged by any person in the business of operating or
13 publishing a newspaper, periodical or magazine, or operating
14 a radio-broadcasting or television station, a motion-picture or
15 other theater enterprise, or outdoor advertising facilities.

16 “SEC. 802. The President may make such rules, regu-
17 lations, and orders as he deems necessary and appropriate
18 to carry out the provisions of this title. Whenever in the
19 judgment of the President such action is necessary or proper
20 in order to effectuate the purposes of this title, he may, by
21 regulation or order, regulate or prohibit speculative or
22 manipulative practices or renting or leasing practices (in-
23 cluding practices relating to the recovery of possession) in
24 connection with any housing accommodations, which in his

1 judgment are equivalent to or are likely to result in rent
2 increases inconsistent with the purposes of this title.

3 “SEC. 803. (a) Regardless of any obligation heretofore
4 or hereafter entered into, it shall be unlawful—

5 “(1) for any person to sell or deliver, or in the
6 regular course of business or trade to buy or receive,
7 any material or service, or to demand, accept, receive,
8 or retain any rent for the use or occupancy of any
9 housing accommodations, or otherwise to do or omit
10 to do any act, in violation of this title or any regulation,
11 order, or requirement issued thereunder, or to offer,
12 solicit, attempt, or agree to do any of the foregoing; or

13 “(2) for any employer to pay, or any employee
14 to receive, any wage, salary, or other compensation in
15 contravention of any regulation or order promulgated
16 by the President under this title.

17 The President shall prescribe the extent to which any pay-
18 ment (including any wage, salary, or compensation pay-
19 ment), either in money or property, made in contravention
20 of any such regulation, order, or requirement shall be disre-
21 garded by the executive departments and other governmental
22 agencies in determining the costs or expenses of any person
23 for the purposes of any other law or regulation, including
24 bases in determining gain for tax purposes.

1 “(b) Any person who willfully violates any provision
2 of this section shall, upon conviction thereof, be subject to a
3 fine of not more than \$10,000 or to imprisonment for not
4 more than one year, or both.

5 “SEC. 804. Nothing in this title shall be construed to
6 require any person to sell any material or service, or to
7 offer any housing accommodations for rent, or to perform
8 personal services.

9 “SEC. 805. As used in this title—

10 “(a) The term ‘rent’ means the consideration, includ-
11 ing any bonus, benefit, or gratuity, demanded or received
12 for or in connection with the use or occupancy of housing
13 accommodations, or the transfer of a lease of housing accom-
14 modations.

15 “(b) The term ‘housing accommodations’ means any
16 building, structure or part thereof, or land appurtenant
17 thereto, or any other real or personal property rented or
18 offered for rent for living or dwelling purposes (including
19 houses, apartments, rooming or boarding house accommoda-
20 tions, and other properties used for living or dwelling pur-
21 poses) together with all privileges, services, furnishings,
22 furniture, and facilities connected with the use or occupancy
23 of such property.

1 “SEC. 806. This title shall become effective on May 1,
2 1953.”

Passed the Senate May 19 (legislative day, May 15),
1953.

Attest:

J. MARK TRICE,

Secretary.

AN ACT

To provide authority for temporary economic controls, and for other purposes.

MAY 20, 1953

Referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 5, 1953
For actions of June 4, 1953
83rd-1st, No. 102

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HIGHLIGHTS: Senate passed State, Justice, Commerce appropriation bill. Sen. Humphrey urged support for his bill to ship surplus wheat to Pakistan. Sen. Schoeppel criticized F & DA's wheat cleanup program. Sen. Humphrey criticized reduction in USDA research funds. House passed bills establishing commissions on intergovernmental relations and organization. House committee ordered reported economic controls bill. Sen. Young introduced and discussed bill authorizing barter of surplus commodities for foreign military supplies. Sen. Aiken introduced bill for control of scrapie and blue tongue in sheep. Sen. Williams introduced and discussed bill limiting 90% parity support to 1953 crops.

HOUSE

- 1. ORGANIZATION.** Passed S. 1514, to establish a Commission on Intergovernmental Relations, with an amendment substituting the provisions of H.R. 4406, which had previously been passed with amendments (pp. 6290-308).
Passed S. 106, to establish a Commission on Organization of the Executive Branch, with an amendment substituting the provisions of H.R. 992, which had previously been passed as reported (pp. 6309-12).
- 2. ECONOMIC CONTROLS.** The Banking and Currency Committee ordered reported (but did not actually report) S. 1081, providing for temporary economic controls, with an amendment in the form of a substitute which "eliminates the wage, price and services freeze provisions, as well as all credit control provisions passed by the Senate; approved section 104 (fats and oils control provisions) as contained in the 1952 act; extends for 1 year instead of 2" (p. D512).
- 3. DISBURSING.** Passed without amendment S. 1307, amending the act of Dec. 23, 1944, authorizing certain transactions by disbursing officers (pp. 6308-09). This bill will now be sent to the President.
- 4. SMALL BUSINESS.** Adopted a resolution for the consideration of H.R. 5141, to create a Small Business Administration, but deferred consideration of the bill until today, June 5 (pp. 6312-13).

5. REORGANIZATION. Rep. Fountain was permitted to make certain corrections in the record of June 3 on the debate on Reorganization Plan No. 2 for this Department (pp. 6287-88).
6. HOLIDAYS. Rep. Hand spoke in favor of H. Con. Res. 14, to bring about observance of holidays on the Monday nearest to the day on which each such holiday occurs, and inserted a Philadelphia Bulletin article on this subject (p. 6308).
7. FARM CREDIT. Both Houses received the FCA audit report for the fiscal year 1952 (H. Doc. 165) (pp. 6232, 6324).
8. HAWAII. Received an Hawaii Legislature resolution favoring S. 49, Hawaii Statehood bill (p. 6325).
9. SCHOOL LUNCH. Received a Massachusetts Legislature memorial in opposition to a reduction of the national school lunch program appropriation (p. 6325).
10. FOREIGN TRADE; ELECTRIFICATION. Rep. Smith (Miss.) spoke on the costs to the American taxpayers of the Buy-American Act, using the Chief Joseph Dam case as an example (p. 6289).
11. BLACKBERRY JAM. Rep. Angell inserted an article on the development of wild-cross blackberry jam in Willamette Valley, Oregon (p. 6287).

SENATE

12. APPROPRIATIONS. Passed with amendments H. R. 4974, the State, Justice, Commerce, appropriation bill for 1954 (pp. 6254-69, 6271-80). Rejected a Douglas amendment barring funds to any State for Federal-aid highways which submits programs therefor in excess of 95% of amounts apportioned to that State for the fiscal year 1955 (pp. 6276-80). Sens. Bridges, Saltonstall, Ferguson, Smith (N. J.), McCarran, Ellender, and Hill were appointed conferees (p. 6280).
13. FOREIGN AID. Sen. Humphrey urged support for his bill, S. 1782, to ship surplus wheat and other commodities to Pakistan, saying, "the administration would do well to offer its support, and not to insist upon having a special Republican bill introduced" (p. 6248).
Sen. Wiley inserted a National Council of the Churches of Christ in the U.S.A. resolution favoring shipment of surplus wheat to Pakistan (p. 6233).
Sen. Humphrey inserted a summary of the American Farm Bureau Federation's recommendations on foreign aid legislation (pp. 6283-4).
14. WHEAT INFESTATION. Sen. Schoepel criticized the "announced purpose" of the Food and Drug Admin. to divert all insect-infested wheat to animal feed, and claimed the Food, Drug, and Cosmetic Act is so severe in its application as to prevent legal wheat shipments "out of the borders of my State" (pp. 6281-2).
15. RESEARCH FUNDS. Sen. Humphrey criticized the administration's cut in agriculture research funds, and inserted a New York Times article discussing President Eisenhower's recent visit to the Beltsville Research Center (pp. 6284-5).
16. EXPORT CONTROL. Agreed to the House amendment to S. 1739, providing for continuation of authority for regulating exports (p. 6253). This bill will now be sent to the President.

ment for damages to public airports resulting from military operations; agreed to a conference requested by the Senate; and appointed as conferees Representatives Wolverton, Hinshaw, O'Hara of Minnesota, Priest, and Harris.

Page 6289

U. S. Maps: Adopted, by voice vote, S. Con. Res. 30, authorizing the printing of U. S. wall maps for the use of the Senate and the House of Representatives.

Page 6289

Death Gratuity: Adopted H. Res. 253, providing for the payment of certain death and burial benefits to the beneficiary of a recently deceased employee of the House of Representatives.

Page 6289

Intergovernmental Relations: Passed, by a voice vote, H. R. 4406, to establish a Commission on Intergovernmental Relations. This passage was subsequently vacated upon passage of a similar Senate-passed bill (S. 1514) after the Senate bill had been amended to contain the text of H. R. 4406 as passed by the House. In addition to committee amendments, the House adopted an amendment limiting the salary of the Director of the Commission to \$15,000 per annum.

Also adopted an amendment providing that the 15 members of the Commission that are appointed by the President shall be composed of 9 from the majority party and 6 from the minority party.

Rejected amendments designed to—

Reduce membership of Commission from 25 to 15.

Limit expenses of Commission to \$100,000 annually.

Delete Commission's authorization for securing information from departments and agencies; also to

Delete language authorizing subpoena power and individual members of the Commission to conduct hearings.

H. Res. 266, the rule making in order the consideration of H. R. 4406, was previously adopted.

Pages 6290-6308

Executive Branch: Passed, on a voice vote, H. R. 992, for the establishment of a Commission on Organization of the Executive Branch of the Government, after adopting committee amendments. This passage was later vacated and a similar Senate-passed bill (S. 106) was passed after it had been amended to embody the text of H. R. 992 as passed by the House.

The proposed Commission would have the purposes and duties of the so-called Hoover Commission established by Public Law 162 (80th Cong.) and seeks to eliminate nonessential services, functions, and activities which are competitive with private enterprise and to define responsibilities of officials and to relocate agencies now responsible directly to the President in departments or other agencies.

H. Res. 267, the rule providing for the consideration of H. R. 992, was earlier adopted.

Pages 6309-6312

Disbursing Officers: Passed, and cleared for the President, S. 1307, to amend act of December 23, 1944, author-

izing U. S. disbursing officers to cash and negotiate checks, drafts, bills of exchange, etc., under certain conditions.

Page 6309

Korean Aid Week: Adopted S. J. Res. 80, requesting and authorizing the President to officially proclaim the week of June 7-14, 1953, as Aid to Korea Week, and thereby cleared the measure for Presidential action.

Page 6313

Small Business Administration: Adopted H. Res. 265, providing for the consideration of, 2 hours of debate on, and the waiving of points of order against consideration of a committee substitute amendment to, H. R. 5141, to create a Small Business Administration and to preserve small business institutions and free competitive enterprise; then deferred the consideration of H. R. 5141 to Friday.

Pages 6312-6313

Program for Friday: Adjourned at 6:02 p. m. until Friday, June 5, at 11 a. m., when the House will consider H. R. 5141, to create a Small Business Administration and to preserve small business institutions and free competitive enterprise.

Committee Meetings

WHEAT MARKETING QUOTAS

Committee on Agriculture: Began hearings on H. R. 5451, making changes in the wheat-marketing quota provisions of agricultural laws, and heard Howard H. Gordon, Production and Marketing Administrator, explain the provisions of the bill and the changes in the present laws that would be effected if the bill is enacted. Mr. Gordon was accompanied by John C. Bagwell, of the Solicitor's Office, Department of Agriculture, and P. B. Walker, of the PMA. Most of the session was used to allow for committee questioning relative to the proposed legislation. Recessed until tomorrow morning.

RESERVE OFFICER PROMOTION

Committee on Armed Services: Johnson Subcommittee No. 3 continued to read for amendments the bill (H. R. 1222), regarding annual determination in advance of the number of Reserve officers in active status needed for planned mobilization requirements. Will continue on same subject tomorrow.

SYNTHETIC RUBBER FACILITIES

Committee on Armed Services: Shafer Subcommittee No. 1 continued open hearings on H. R. 5425, authorizing the disposal of Government-owned synthetic rubber facilities. Departmental representatives at today's session were Stanley N. Barnes, Assistant Attorney General in Charge of Antitrust, Department of Justice; Irving Gumbel, Public Buildings Service (GSA); George Castro, Rubber Division, Emergency Procurement Service (GSA); and Byron Harding, Assistant General Counsel (GSA). Industry witnesses were

P. W. Litchfield, chairman of the board, Goodyear Tire & Rubber Co.; John Bierer, president, Boston Woven Hose & Rubber Co.; and Everett Morss, president, Simplex Wire & Cable Co., Cambridge, Mass. Hearings will be continued tomorrow.

TEMPORARY CONTROLS

Committee on Banking and Currency: Ordered reported to the House S. 1081, providing for temporary economic controls. The measure was ordered reported with amendment as follows: Strike out all of the Senate bill after the enacting clause and substitute the House amendment. The amendment in effect eliminates the wage, price, and services freeze provisions, as well as all credit control provisions passed by the Senate; approved section 104 (fats and oils control provisions) as contained in the 1952 act; extends for 1 year instead of 2. Other minor amendments were made for clarification and to make the act as a whole conform with the changes made.

D. C. CRIME

Committee on the District of Columbia: Ordered reported to the House H. R. 5312 (by Representative Davis of Georgia), providing for the more effective prevention, detection, and punishment of crime. The bill is designed to strengthen police law-enforcement powers, provide clearer definition of existing statutes, and stiffen the present penalties.

MUTUAL SECURITY

Committee on Foreign Affairs: Held morning and afternoon executive meetings on the extension of the mutual security program. Representative Kersten of Wisconsin testified on the subject between the two sessions at which the following official witnesses were heard: C. Tyler Wood, Deputy to the Director for Mutual Security; Henry A. Byroade, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; Assistant Secretary of Defense Frank Nash; Arthur Z. Gardiner, politico-economic adviser to Assistant Secretary of State for Near Eastern Affairs; John Loftus, counselor of Embassy, New Delhi (State Department); Kenneth Young, Director, Office of Northeast Asian Affairs, Department of State; Stanley Andrews, Administrator, Technical Cooperation Administration; Dr. D. A. FitzGerald, Deputy to the Director for Mutual Security; John M. Cabot, Assistant Secretary of State for Inter-American Affairs; Edwin M. Martin, Special Assistant to the Secretary of State for Mutual Security Affairs.

Recessed until tomorrow morning when official witnesses will resume on the subject.

SPANISH BASES

Committee on Foreign Affairs: The Subcommittee on Europe met in executive session to discuss the subject of Spanish bases with Livingston Merchant, Assistant Sec-

retary of State for European Affairs; and Frank Nash, Assistant Secretary of Defense.

TECHNICAL COOPERATION

Committee on Government Operations: The Brownson Subcommittee on International Operations resumed public hearings in connection with its study of the Technical Cooperation Administration of the Department of State. Stanley Andrews, Administrator of the TCA, testified yesterday and presented the general programs and policies of the TCA, as well as the problems confronting the agency. Other TCA officials were present today for testimony and questioning. The first witness, Miss Alden Richardson, training specialist and foreign affairs officer, education and technical training staff, testified regarding the day-to-day operations of the training staff, and discussed future planning. She was accompanied by Edward R. Pierce, Chief, NEADS, Training Branch; and Ernest Betts, Assistant Comptroller and budget officer. Recessed until tomorrow morning.

EKLUTNA PROJECT, ALASKA

Committee on Interior and Insular Affairs: The Subcommittee on Territories resumed consideration of, but took no action on, H. R. 1374, regarding appropriations for construction of the Eklutna project in Alaska. Adjourned until tomorrow on the subject.

RAILROAD RETIREMENT—DUAL BENEFITS

Committee on Interstate and Foreign Commerce: Held further hearing on 18 pending bills regarding miscellaneous railroad retirement proposals dealing only with so-called dual benefits. Witnesses at today's session were J. Carter Fort, vice president and general counsel, Association of American Railroads, who completed the testimony in opposition which he started at yesterday's meeting; and Lester P. Schoene, counsel, Railway Labor Executives Association, who also opposed the proposed legislation. Hearings will be continued tomorrow morning.

JUSTICE DEPARTMENT

Committee on the Judiciary: The Keating subcommittee investigating the administration of the Department of Justice met in executive session today, and will resume public hearings tomorrow morning in connection with its investigation of the office of U. S. attorney at Nashville, Tenn., concerning alleged tax-violation cases.

TAX SUITS—ROYALTIES

Committee on the Judiciary: Subcommittee No. 3 approved for reporting to the full committee, with amendments, H. R. 4401, to amend title 28, U. S. Code, so as to permit certain suits for the recovery of taxes to be brought in the district of the taxpayer's residence; and H. R. 2254, to permit all civil actions against the United States for recovery of taxes erroneously or illegally as-

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HIGHLIGHT: Conferees agreed to file report on 3rd supplemental appropriation bill.

HOUSE

1. SMALL BUSINESS. Passed as reported H.R. 5141, to create the Small Business Administration (pp. 6328-59).
2. APPROPRIATIONS. The "Daily Digest" states: "Conferees, in executive session, agreed to file a conference report on the differences between the House- and Senate-passed versions of H.R. 4664, third supplemental appropriations" (p. D518).
3. ECONOMIC CONTROLS. The Banking and Currency Committee was granted permission to file, by midnight Saturday, a report on S. 1081, providing for temporary economic controls (p. 6362).
4. COLUMBIA BASIN. Rep. Angell inserted Hillman Lueddemann's recent speech wherein he stated that, in order to strengthen "the Northwest's tomorrow, we must regard the Columbia Basin as a single economic unit" and "as an integrated agricultural unit" (pp. 6359-61).
5. ROADS. Received a Mich. Legislature memorial requesting the Federal Government to give consideration to the Hearst plan for better roads (p. 6362).
6. ADJOURNED until Mon., May 8 (p. 6362). The legislative program for next week as stated by the majority leader: Mon., D. C. bills; then for balance of week:

S. 1081, economic controls bill; H.R. 5304, trip leasing bill; and bill extending the Reciprocal Trade Agreements Act (if rules are reported for consideration of these bills). These bills will not necessarily be taken up in this order (p. 6359).

SENATE

7. APPROPRIATIONS. The Appropriations Committee ordered reported (but did not actually report) without amendment H.R. 5174, the Treasury-Post Office appropriations bill for 1954 (p. D515).
8. LEGISLATIVE PROGRAM. The "Daily Digest" states: Mon., Calendar will be called from the beginning, and S. 690, lease-purchase agreements; remainder of week, H.R. 5227, Agriculture appropriations for 1954, and possibly H.R. 5174, Treasury-Post Office appropriations for 1954 (p. D518).

ITEMS IN APPENDIX

9. ST. LAWRENCE SEAWAY. Rep. Van Zandt inserted a Wall Street Journal editorial urging caution in considering the feasibility of this project (p. A3399).
10. EXPENDITURES. Rep. Dowdy inserted a Palestine (Tex.) Herald Press editorial titled, "Budget Can Be Balanced" (pp. A3400-01).
11. FARM PRICES. Rep. Bow inserted the results of a poll conducted by the Ohio Farm Bureau Federation among farmers of his District on farm-price problems (pp. A3402-03).
12. TEA. Rep. Judd inserted a statement by Robert Smallwood, Tea Council of the U.S., before a Foreign Relations Subcommittee, and a New York Herald Tribune article discussing the formation of a new corporation composed of American businessmen and the Governments of India, Ceylon, and Indonesia to promote the sale of tea in the U.S. (pp. A3403-04).
13. TREATIES. Rep. McVey inserted a Daily Calumet editorial favoring Sen. Bricker's proposed constitutional amendment to limit the treaty-making power (pp. A3406-07).
14. WOOL; FOREIGN TRADE. Rep. Stringfellow inserted a speech by J. M. Jones, National Woolgrowers Ass'n., urging protection of the domestic wool industry from foreign competitors (p. A3407).
15. BUDGETING. Extension of remarks of Rep. Colmer favoring his bill, H.R. 1710, to set up a joint committee to evaluate the budget by the H. and S. Appropriations Committees (pp. A3408-09).

BILLS INTRODUCED

16. IMMIGRATION. H.R. 5583, by Rep. Multer, to assist in relieving the current immigration and refugee problem by providing for the issuance of 240,000 special immigrant visas during the 2 fiscal years commencing July 1, 1953, and July 1, 1954; to Judiciary Committee (p. 6362).
17. REORGANIZATION. H. Resolutions 261, 262, 263, disapproving Reorganization Plans No. 7, 8, and 9 of 1953; to Gov't. Operations Committee (introduced June 4) (p. 6168).

COMMITTEE HEARINGS ANNOUNCEMENTS FOR JUNE 8: Wheat marketing quotas, H. Agriculture (exec.). USDA appropriation bill, S. Appropriations (exec.).

from this great city to the mouth of the Columbia River. Tremendous progress has been made. Of course, we who are living in the present are not the least desirous of being satisfied or tolerant of the progress made. I am sure that under our continued cooperation between the lower Columbia River area and your participation in the upper Columbia River region, through the Inland Empire Waterways Association, we will soon break the bottleneck of navigation on the Columbia-Snake Rivers.

There are some 18 port districts now formed on the Columbia River from the mouth to the confluence of the Columbia and Snake. This is more port districts than on any other river in the United States, lending strength to our efforts to develop the basin as one, single harbor. This is a strength that cannot be overemphasized and gives to these port districts an official body with which to carry on negotiations and to be represented at all public hearings regarding rate matters. It is my understanding that the great State of Idaho adopted a port district law many years ago, and I would commend full consideration and early formation of a port district at Lewiston so that you will have official representation at all rate hearings that so definitely affect your present and future economy. I also commend for the consideration of our friends in the State of Washington residing in Whitman and Asotin Counties to take advantage of port district laws of your great State for the reasons I have pointed out.

Conservation and wise use of water should and must challenge every citizen of the Columbia Basin region. In the northeast part of our country and in the southwest, water is the limiting factor of population and industrial expansion. It is estimated that in the northwest two-thirds of our rain and snow is lost in floods and other runoff. Today only approximately 13 percent of our water resources are utilized for the benefit of our people and for our economic development. We must unite in our efforts to further flood control and reclamation projects to protect our rich agricultural lands from erosion and to bring our parched deserts into bloom.

Conservation and wise use of water is also important when we consider how vital water is to industry. It is interesting to note that it takes 100,000 gallons of water to manufacture a new car, 18½ gallons of water for each gallon of motor oil, and for each gallon of water used domestically, industry uses 10 gallons. The use of water has multiplied 8 times in the past 50 years and it is estimated that it will double again in the next 25 years. Engineers report that in many sections of our country the purified water delivered to the tap costs 10 cents per ton. Distillation of sea water is seriously considered in the northeast and southwest regions of our Nation. Estimated cost of this type of distilled water would be 50 times that of Bull Run water.

Thus in developing the Columbia Basin in the terms of a single harbor, it is necessary that we harness the streams so as to gain this potential of hydroelectric power to attract new industries to the Pacific Northwest. It is estimated that over 40 percent of the undeveloped hydroelectric power potential of this Nation is in the Pacific Northwest. We must harness our streams so that we may have water for irrigation of our agricultural areas; we must harness our streams so that they may be controlled in flood times. The rich, fertile lands of the Columbia Basin area must not be allowed to wash into our streams. In harnessing the waters of the Columbia Basin, we again have the advantage over the drainages in other sections of the country. Compare, for instance, the harnessing of the Mississippi River, with its broad, smooth river bed, with the harnessing of the Colum-

bia which roars through rocky gorges in narrow locations.

In capturing the tons of water that flow to the sea unused, thus turning waste into economic value, we come to the subject of harnessing the waste of another great natural resource—a resource which ranks first in our three State of Oregon, Washington, and Idaho. By this you will know that I refer to our forests. As is the case of water, our forests are a renewable resource, and with proper management and conservation, can be made to serve us always. How fortunate we are here in the Pacific Northwest to be building our economy upon the two greatest natural resources in the world—water and forests. We do not have to rely upon speculation which is required in the fields of oil, natural gas, and coal. One hundred years ago, when the Northwest became a part of the Union as a Territory, we were a great wilderness, but our forests have been mighty good to us in advancing us to our present economic stage. Many people worry about the depletion of our forests over the past 100 years, pointing out that half of our timber stands have been cut out. But with intense programs of sustained yield practices being carried out in our timber-growing areas, new trees are growing. Whether these new trees are going into pulp, paper, or lumber, the fact remains our forests will continue producing and will create payrolls.

In the period ahead, we will not only see a higher degree of manufacturing lumber but a greater utilization of waste material. Every one of us has commented at one time or another about the leftovers in the sawmills and forests "going up in smoke." That situation is being corrected faster than most of us realize. For instance, we find that the slabs from the sawmills, to a marked degree, are now being put into chips and the chips made into pulp for paper. We find at least one plant making cork and various compounds for roofing paper out of bark. A small plant is now being contemplated to make wax out of bark. A plant in Springfield, Oreg., has been making alcohol out of sawdust. Three plants in the Pacific Northwest manufacture large quantities of cellulose which is shipped to the East and made into rayon and from rayon into cellophane. The lumber industry is very conscious of maximum utilization, and the future will see brand new industries arising to take the place of the smokestack in the sawmills.

The question of developing water and timber resources is not a new one to the public. As an example, may I quote a few excerpts from a letter, whose author I will identify upon the conclusion of the quotation:

"Each river system, from its headwaters in the forest to its mouth on the coast, is a single unit and should be treated as such.

"Running water is a most valuable natural asset of the people, and there is urgent need for conserving it for navigation, for power, for irrigation, and for domestic and municipal supply.

"The improvement of our inland waterways can be and should be made to pay for itself as far as practicable from the incidental proceeds from water power and other uses. Navigation should of course be free. But the greatest return will come from the increased commerce, growth, and prosperity of our people. For this we have already waited too long. Adequate funds should be provided, by bond issue if necessary, and the work should be delayed no longer. The development of our waterways and the conservation of our forests are the two most pressing physical needs of the country. They are interdependent, and they should be met vigorously, together, and at once.

"There is urgent need for prompt and decisive action.

"THEODORE ROOSEVELT.
"THE WHITE HOUSE, February 26, 1908."

We have come a long way in this great Northwest of ours in the first 100 years of progress. We have advanced from a wilderness where a few people dared to go to a promised land that now lures millions. We are the custodians of that promised land and as such, have a serious responsibility in its future. Jobs must be created in large numbers so that the great migration may have homes and a livelihood. God has given the Northwest the necessary tools with which to create these jobs. He has given the Northwest the two greatest natural resources on earth—water and forests. Both are renewable and inexhaustible. We must harness our rivers to make them turn the wheels of industry, carry our cargoes, irrigate our lands, and control our floods. We must harness the waste of our forests, turning smoke into sugar, molasses, yeast, alcohol, rayon, cellophane, cork, turpentine, wax, pulp, paper, and dozens of other items. We can make our forests pay double. We can make our rivers pay double.

In summarizing, to strengthen the Northwest's tomorrow, we must have unity of purpose. First, we must regard the Columbia Basin as a single economic unit, with its development geared to the needs of today and the demands of tomorrow, where industry and agriculture go hand in hand to create a balanced economic picture.

Secondly, we must regard the Columbia Basin as a natural highway of commerce—as a single transportation unit, where water, rail, truck, and plane join to provide an unparalleled web of communication to the markets of the world. From the west to the east, and vice versa, there passes through the Columbia Basin a natural route for transportation of goods and materials. We must stand ready to supplement present commerce with that of our own making, and to keep the door open for even greater floods of commerce as the Pacific Northwest grows.

Thirdly, we must regard the Columbia Basin as an integrated agricultural unit, for here, with the wealth of water that can be made available, in this country's greatest potential food-growing region to supply the foodstuffs for our increasing population as well as the markets of the rest of the Nation.

We know that the completed multiple purpose project will be equivalent in generating capacity to 60 Bonnevilles. Everyone in the Northwest, including Congressmen and Senators, are for the project as recommended by the United States engineers in Docket 308. The controversy seems to come forth upon the matter of which dam or dams come first. This is only natural in a large area such as the Northwest because we, as Americans, can still give expression to our ideas. That's fine, and let's keep on exchanging ideas, but if we are overruled, let's keep on fighting as a Northwest team. The final goal is a rapid completion of the overall project.

While we are blessed with these vast water resources, let us also hope that we are blessed with the practical good sense to manage them in the best interests of all of the States and all of the people of the Pacific Northwest. Let's all work together to get the job done rapidly to meet the demands of today so that our tomorrow may be strengthened.

Hats off to the past. Coats off to the future.

GENERAL LEAVE TO EXTEND

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill H. R. 5141 just passed by the House.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

COMMITTEE ON BANKING AND CURRENCY

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tomorrow night to file a report on the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks was granted to:

Mr. McVEY and to include an editorial.

Mr. STRINGFELLOW and to include a speech by Mr. Casey Jones.

Mr. KERSTEN of Wisconsin notwithstanding the estimated cost will be \$189.

Mr. O'BRIEN of Michigan and to include a resolution from the Michigan Senate.

Mr. MULTER in two instances and to include extraneous matter.

Mr. McCORMACK and to include an editorial.

Miss THOMPSON of Michigan and to include an article Knots Again.

Mr. VAN PELT and to include an editorial.

Mr. WILSON of California in two instances.

Mr. BUSBEY and to include an article by Hamilton Long on the B-36 as a tanker.

Mr. UTT and to include extraneous matter in two instances.

Mr. HELLER (at the request of Mr. MULTER) in two instances.

Mr. KEOGH (at the request of Mr. RODINO) in two instances.

Mr. McCORMACK and to include a resolution adopted by the Massachusetts Senate and a resolution adopted by the Massachusetts House of Representatives both relating to the same subject, and to be considered as one insertion.

Mr. DOWDY and to include an editorial.

Mr. GWINN and to include extraneous matter.

Mr. TALLE to revise and extend the remarks he made in the Committee of the Whole today.

Mr. JUDD and to include extraneous matter.

Mr. BRAY and to include an editorial.

Mr. DONOHUE to extend his remarks in the RECORD prior to the passage of the bill H. R. 5141.

Mr. BYRD.

Mr. McMILLAN and to include an excerpt from a radio broadcast.

Mr. SMITH of Mississippi in four instances, in each to include extraneous matter.

Mr. VAN ZANDT (at the request of Mr. HALLECK).

Mrs. ST. GEORGE (at the request of Mr. HALLECK).

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 117. An act to amend section 7 of the Flood Control Act of 1941 relating to the apportionment of moneys received on account of the leasing of lands acquired by the United States for flood-control purposes;

S. 1307. An act to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes;

S. 1739. An act to provide for continuation of authority for regulation of exports, and for other purposes; and

S. J. Res. 80. Joint resolution requesting and authorizing the President of the United States to officially proclaim the week of June 7-14, 1953, as Aid-to-Korea Week.

LEAVE OF ABSENCE

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that leave of absence may be granted to Mr. BENDER, Mr. SMITH of Kansas, and myself, for next week, on account of official business.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

By unanimous consent, leave of absence was granted to:

Mr. CLARDY, for June 8, 9, and 10, on account of Un-American Activities Committee hearings at Lansing, Mich.

Mr. SCHERER (at the request of Mr. McVEY) for today, on account of official business.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 46 minutes p. m.) the House, pursuant to its previous order, adjourned until Monday, June 8, 1953, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

753. Under clause 2 of rule XXIV, a letter from the Acting General Counsel, Office of the Secretary of Defense, transmitting a draft of legislation entitled "A bill to authorize the loan of two submarines to the Government of Italy," was taken from the Speaker's table and referred to the Committee on Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. REED of New York: Committee on Ways and Means. H. R. 5407. A bill to

amend section 2879 (b) of the Internal Revenue Code; without amendment (Rept. No. 515). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BENTLEY:

H. R. 5581. A bill to amend section 1701 of the Internal Revenue Code to exempt from tax admissions to educational films, where all the proceeds of such admissions inure to the benefit of certain educational and other organizations operating on a nonprofit basis; to the Committee on Ways and Means.

By Mr. GAMBLE:

H. R. 5582. A bill to amend section 213 (d) of the National Housing Act, so as to adjust the statutory limitation on the interest rate applicable to cooperative housing mortgages insured by the Federal Housing Administration; to the Committee on Banking and Currency.

By Mr. MULTER:

H. R. 5583. A bill to assist in relieving the current immigration and refugee problem by providing for the issuance of 240,000 special immigrant visas during the 2 fiscal years commencing July 1, 1953, and July 1, 1954; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Michigan, memorializing the President and the Congress of the United States requesting the Federal Government to give consideration to the Hearst plan for better roads; to the Committee on Ways and Means.

Also, memorial of the Legislature of the Virgin Islands, memorializing the President and the Congress of the United States to make known the wishes of the people of the Virgin Islands with respect to an Organic Act for the Virgin Islands; to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES:

H. R. 5584. A bill for the relief of Amiello Balzano; to the Committee on the Judiciary.

By Mr. BENDER:

H. R. 5585. A bill for the relief of Vladimir Landow and Mrs. Irina Landow; to the Committee on the Judiciary.

By Mr. BOW:

H. R. 5586. A bill for the relief of Constantine Nitsas; to the Committee on the Judiciary.

By Mr. COUDERT:

H. R. 5587. A bill for the relief of Electric Ferries, Inc., of New York, as agent and trustee of the stockholders of Southern Transportation Co., of New York; to the Committee on the Judiciary.

By Mr. HAGEN of Minnesota:

H. R. 5588. A bill for the relief of Eugen Tanzer; to the Committee on the Judiciary.

By Mr. HART:

H. R. 5589. A bill for the relief of Ignazio Boffoli; to the Committee on the Judiciary.

By Mr. HELLER (by request):

H. R. 5590. A bill for the relief of Antonio Mattino; to the Committee on the Judiciary.

13. BEEF PURCHASES; TARIFFS. Received Calif. Legislature resolutions urging Congress to continue the Buy-American policy with respect to beef purchases for the armed forces, and to increase tariffs wherever possible to provide "adequate protection to the agricultural and livestock industry" (pp. 6368, 6369).
14. HAWAII STATEHOOD. Received a Hawaii Legislature resolution urging statehood for Hawaii (p. 6369).
15. RECESSED until Wed., June 10 (p. 6407).

HOUSE

16. ECONOMIC CONTROLS. The Banking and Currency Committee reported (June 6, during adjournment) with amendment S. 1081, providing for temporary economic controls (H. Rept. 516). A resolution for the consideration of this bill was also reported (p. 6432). As reported, S. 1081 includes provisions as follows:
- Revises the ~~priorities-allocations~~ title so as to omit the provisions on livestock slaughtering; provide that the powers shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that the material is scarce and critical, and essential to national defense, and (2) that national-defense requirements for the material cannot otherwise be met without creating a significant dislocation of distribution in the civilian market to a degree creating appreciable hardship; and omit the provisions concerning the International Materials Conference.
- Amends the V-loan program so as to (1) make clear that guaranties may be made in connection with termination of Government contracts and (2) provide that no small-business concern shall be denied a guaranty merely because an alternative source of supply exists.
- Continues until June 30, 1954, the provisions relating to priorities, allocations, hoarding, import controls, expansion of productive capacity and supply, and general provisions relating to administration.
- Provides for termination on June 30, 1953, of provisions relating to requisition, condemnation, real-estate construction credit controls, and small Defense Plants Administration. (The provisions regarding price and wage controls expired April 30, 1953.)
- The House committee version does not contain the standby economic freeze provisions.
- Regarding import controls, the committee report states: "...It is the understanding of the committee that revision of section 22 of the Agricultural Adjustment Act of 1933 to deal effectively with this situation is under active consideration. Pending such revision the Committee believes that section 104 should be continued."
17. APPROPRIATIONS. Received the conference report on H.R. 4664, third supplemental appropriations bill for 1953 (H. Rept. 517) (pp. 6420-21). The conferees agreed to \$7,500,000 for rural telephone loans, instead of \$15,000,000 as proposed by the Senate. (The House version included no item on this subject.)
18. WHEAT MARKETING QUOTA. The Agriculture Committee reported with amendment H.R. 5451, to amend the wheat-marketing quota provisions of the Agricultural Adjustment Act of 1938 (H. Rept. 520) (p. 6432).
19. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendment H.R. 3203, to prohibit the ICC from regulating the duration of certain leases for the use of equipment by motor carriers, and the amount of compensation to be paid for such use (H. Rept. 519) (p. 6432).

20. FARM PRICES. Rep. Thornberry inserted a letter and editorial discussing the effect of low cattle prices on cattle raisers and the community, and the need for price supports on farm products (pp. 6408-09).
21. CORN STORAGE. Rep. Dolliver discussed the corn storage problem in Iowa and urged CCC to move corn on farms as soon as possible and to provide additional storage space (p. 6410).
22. FLOOD CONTROL. Rep. D'Ewart stated that the proclamation by the President and the Montana Governor of a flood disaster area in parts of Montana, makes available to these areas the full support of Government agencies, including loans from FHA (p. 6424).
23. FARM PROGRAM. Received a local Grange petition favoring the "adoption of the Benson Plan over the Brannan Plan" and congratulating the Secretary on his program (p. 6433).
24. APPROPRIATIONS. H. Doc. 162 includes supplemental appropriation estimates as follows: Committee on Retirement Policy for Federal Personnel, \$410,000. Commission on Intergovernmental Relations, \$500,000. Export control Commerce Department, \$4,800,000.

ITEMS IN APPENDIX

25. GRAZING LANDS. Extension of remarks of Rep. D'Ewart including a Montana State Farm Bureau News article favoring H.R. 4023, the stockmen's grazing bill (p. A3446).
26. RECLAMATION. Extension of remarks of Rep. Magnuson discussing a Wall Street Journal article on the development of the Columbia River Basin (p. A3469).
27. GRAIN STORAGE. Rep. Hillelson inserted his letter to Howard Gordon, PMA, "protesting the lack of storage facilities for grain" and urging that every effort be made to secure additional storage space (p. A3472).
28. VETERANS' PREFERENCE. Rep. O'Hara inserted two American Legion statements favoring veterans' preference in employment (pp. A3476-8).

BILLS INTRODUCED

29. FOREST LOANS. S. 2069, by Sen. Cordon; and H.R. 5603, by Rep. Ellsworth, to amend the Federal Reserve Act so as to authorize national banking associations to make loans on forest tracts; to Banking and Currency Committee (pp. 6370, 6433). Remarks of author (pp. 6370-1).
30. TAXATION. H.R. 5597, by Rep. Campbell, relating to the tax treatment to be afforded under section 117 (j) (3) of the Internal Revenue Code in certain cases involving the sale, exchange, or conversion of land with unharvested crops thereon; to Ways and Means Committee (p. 6433).
31. COOPERATIVES. H.R. 5598, by Rep. Davis, to provide tax equity through the taxation of cooperative corporations and to provide tax credits for recipients of dividends from genuine cooperatives; to Ways and Means Committee (p. 6433). Remarks of author (pp. 6425-6).

DEFENSE PRODUCTION ACT AMENDMENTS OF 1953

REPORT

FROM THE

COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

S. 1081

AN ACT TO PROVIDE AUTHORITY FOR TEMPORARY
ECONOMIC CONTROLS, AND FOR
OTHER PURPOSES



JUNE 6, 1953.—Committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

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DEFENSE PRODUCTION ACT AMENDMENTS OF 1953

JUNE 6, 1953—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WOLCOTT, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany S. 1081]

The Committee on Banking and Currency, to whom was referred the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment strikes out all after the enacting clause of the bill as passed the Senate and inserts an amendment in the nature of a substitute. The text of the matter inserted appears in italic type in the bill herewith reported to the House.

SUMMARY

PROVISIONS OF SENATE BILL

In its consideration of the extension of the Defense Production Act of 1950, as amended, your committee conducted hearings on S. 1081 which had passed the Senate and had been referred to the committee. That bill would provide for a 2-year extension of certain of the titles of the Defense Production Act of 1950, as amended, and would make several changes in the provisions contained therein. The bill would not provide for the extension of titles IV and V of said act which pertain to price and wage stabilization and settlement of labor disputes (statutory termination date April 30, 1953). The Senate bill, however, would add a new title VIII to the act, commonly referred to as the standby 90-day freeze authority, which would direct the President to establish temporary ceilings on prices, wages, and rents whenever the Congress has declared war against a foreign nation or whenever Congress declared by concurrent resolution that a grave national emergency existed.

The Senate bill would change the declaration of policy of the act to reflect the addition of the 90-day freeze authority. It would amend the priorities and allocations authority of title I of the act so as to retain such authority for defense production but generally discontinue the authority with respect to the civilian market except in the special cases where, because of shortages and demands of the defense effort, there otherwise would be a significant dislocation in the civilian market resulting in appreciable hardship. Authority to exercise import controls under section 104 of title I would not be continued beyond June 30, 1953. Title II of the act providing authority to requisition and condemn property for the national defense would be permitted to lapse. The authority contained in title III of the act to assist expansion of productive capacity and supply would be amended to make clear that V-loans could be made in connection with termination of Government contracts as well as in connection with undertaking such contracts and to provide that no small-business concern shall be denied a V-loan merely because an alternative source of supply exists for an item to be procured on Government contract. Title III would also be amended so as to extend the term for long-term Government contracts for scarce materials by 1 year from 1962 to 1963. Provision would also be made to transfer excess materials acquired under title III of the act to the national stockpile charging the cost against the borrowing authority provided in title III. As previously noted titles IV and V relating to price and wage controls and settlement of labor disputes would not be extended. The original authority of the act to exercise control of consumer and real-estate credit would be restored except that it could not be exercised unless the 90-day price, wage, and rent freeze was put into effect and then only for the duration of such freeze. Certain amendments would be made to the general provisions contained in title VII of the act including modification of civilian market allocations, narrowing of the definition of national defense, continuation of the Small Defense Plants Administration and the orderly liquidation of V-loans including those for reconversion to civilian production, after the expiration of the act. Reference previously has been made to the 90-day price, wage, and rent freeze authority which would be granted in the new title VIII which would be added by the Senate bill.

PROVISIONS OF COMMITTEE AMENDMENT

The committee amendment in general would provide for a 1-year extension of the allocation and priorities provisions of title I, and the production expansion and procurement provisions of title III of the Defense Production Act of 1950, as amended. Titles II, VI, and section 714 of title VII would be permitted to lapse upon their termination dates which pursuant to existing provisions of law is June 30, 1953. Titles IV and V pertaining to price and wage controls and the settlement of labor disputes lapsed on April 30, 1953. No authority, however, would be included for the 90-day standby wage, price, and rent freeze. In view of the limited authority which would be continued in the Defense Production Act of 1950, as amended, the declaration of policy in the act no longer would be in keeping with the proposed extension of the act and accordingly would be tailored to the limited authority continued by the provisions of the committee

amendment. Aside from the 1-year extension of certain provisions of the act which would be provided by the committee amendment as contrasted with the 2-year extension which would be provided by the Senate bill a brief summary follows of the similarities and differences. Provision for extension of the priorities and allocations authority of title I of the act would be the same as in the Senate bill except that the committee amendment would include extension of the authority for exercise of import controls under section 104. The committee amendment, as does the Senate bill, would allow the property requisition and condemnation authority of title II of the act to expire on June 30, 1953. The committee amendment would make no change in the Senate amendments to the authority in title III of the act to assist expansion of productive capacity and supply, other than to change a reference in one of the amendments to conform with recent action of the House in passing a bill to create a Small Business Administration. The Senate bill and the committee amendment would not extend titles IV and V of the act, which relate to price and wage controls and settlement of labor disputes, and which expired on April 30, 1953. The Senate bill would provide authority under title VI of the act for the exercise of consumer and real-estate credit controls on a standby basis. The committee amendment would delete this provision as well as repeal the authority in title VI of the act which now relates only to the exercise of controls over real-estate construction credit.

The amendments which the Senate bill would make to the general provisions contained in title VII of the act would be retained in the committee amendment except (1) that the Senate proposed changes which would be made in section 714 of the act relating to the Small Defense Plants Administration would be deleted in view of the recent action of the House in passing H. R. 5141 providing for the creation of an independent Small Business Administration, and (2) the committee amendment would make no change in the definition of "national defense".

BACKGROUND OF THE LEGISLATION

In the months which have elapsed since the outbreak of hostilities in Korea, great progress has been made in our mobilization and defense programs. Our armed services have been expanded to approximately 3½ million soldiers, sailors, and airmen, an increase of over 2 million over the strength of the armed services at the beginning of the Korean conflict. The buildup of materiel has been moving successively through planning, tooling, and production stages. During the 3 fiscal years following the attack on Korea, the Congress provided a total of \$155.6 billion in new obligational authority for the military functions of the Department of Defense—\$48.2 billion during fiscal year 1951, \$60.4 billion during fiscal year 1952, and \$47 billion during the current fiscal year. In addition, \$36 billion has been requested of the Congress in the revised budget request for fiscal year 1954, submitted to the Congress on May 11, 1953. Although the peak of new obligational authority was reached in the fiscal year 1952, total expenditures and deliveries of military end items have continued to increase up to the present time. Thus, total expenditures rose from a little less than \$20 billion in the fiscal year 1951 to \$39 billion in the fiscal year 1952, and are presently estimated at approximately

\$43 billion for the current fiscal year. Expenditures for fiscal year 1954 are estimated at \$43.2 billion.

Very substantial expansion in the Nation's capacity for the production of goods and services since Korea has brought supply and demand in most segments of the economy substantially into balance. That is why it has been possible to decontrol prices and wages and essentially limit the use of materials controls to military production. That is why it has been possible to discontinue the general distribution of materials throughout the civilian economy except for a few scarce and critical items essential to defense. While substantial progress has been made, construction and procurement programs of the military departments and the Atomic Energy Commission will continue to constitute an important factor in the economy of the Nation. To assure their completion as well as to minimize their disruptive effect on the civilian economy, basic priorities and allocations authority, and authority to assist expansion of productive capacity and supply will be needed for a further limited period of time. It is for this reason the committee has proposed the extension for 1 year of these authorities in titles I and III of the Defense Production Act of 1950, as amended, together with the general administrative provisions contained in title VII of the act.

PRIORITIES AND ALLOCATIONS

Title I of the Defense Production Act of 1950, as amended, authorizes the President to require that defense contracts be given priority in their performance over other contracts and authorizes him to allocate materials to promote the national defense. Use of priorities and allocations authority does more than put a weapon at the top of a plant's production schedule or conserve the supply of scarce and critical materials. It enables the Government to accomplish an equitable distribution of defense contracts among suppliers so as to avoid the situation in which one producer is required to turn his entire production to defense needs while another continues to supply the normal needs not only of his own customers but of the company doing defense work as well.

Upon extension of the priorities and allocation authority it is anticipated that the current controlled materials plan will be replaced on June 30, 1953, with a new limited control system to be designated as the defense materials system. It would (1) assure delivery of enough steel, copper, and aluminum to meet the requirements of the Department of Defense and Atomic Energy Commission, (2) assure preferential delivery of equipment, components, and other production and construction materials for the Department of Defense and the AEC, (3) spread the military load equitably over affected industries, and (4) provide a mechanism of individual priority actions for special assistance wherever necessary to break production bottlenecks in order to expedite military and AEC programs. The system would give to defense contracts a priority limited to the specific quantities required to meet military and atomic energy programs. Beyond these limits in the case of most materials it would allow a free distribution of materials and supplies in the normal competitive economy. The system would distribute the impact of military procurement among affected producers through use of set-asides which will assure that

the total defense demand will be met and at the same time minimize interference with the normal flow of materials between producers and consumers.

In the proposed extension of the priorities and allocation authority the committee has taken cognizance of the conditions which exist today and has proposed that the powers not be used to control the general distribution of any material in the civilian market except in special cases where otherwise, because of demands for national defense of a scarce and critical material, there would be a significant dislocation in the civilian market resulting in appreciable hardship. Nickel at present provides an excellent illustration of the need of authority to provide for equitable distribution of available civilian supplies. It is estimated that during 1953 the military, AEC, and stockpile will take more than one-half of the total supply. These requirements are so heavy as to make it necessary to apportion, as equitably as possible, the residual supply among civilian uses.

Under the authority in title I of the act the Secretary of Commerce in 1950 issued orders prohibiting the transportation in ships or aircraft of commodities to Soviet bloc countries, Hong Kong, Macao, or to Communist China. These orders are identified as T-1 and T-2. Your committee does not intend by the language of subsection 101 (b) to indicate disapproval or limitation in any manner of the authority such as that exercised by the Department of Commerce in allocating facilities under the act so as to prohibit carriage by ships documented under United States laws or aircraft registered under United States laws to Soviet bloc countries, Hong Kong, or Macao, or movement by such ships or aircraft to Communist China. On the contrary, the committee considers such action beneficial and its continuance necessary.

IMPORT CONTROLS

Title I of the Defense Production Act in section 104 contains authority for the exercise of import controls on certain fats and oils, peanuts, butter, cheese, and other dairy products, and rice and rice products. This section which was added to the act by the Defense Production Act Amendments of 1951 has provoked much controversy. Your committee received and considered extensive testimony both in favor of retention of the section and in favor of its repeal. The witnesses who testified against the provision pointed to it as breach of faith in trade agreements, as a barrier to foreign trade, and as a constant source of irritation to friendly foreign nations with whom we trade. They further pointed out that if action should be taken restricting such imports it should be taken under the escape clause of the Trade Agreements Act or under the limitation provisions of section 22 of the Agricultural Adjustment Act of 1933. Witnesses who testified in favor of retention of section 104 took the position that the escape clause of the Trade Agreements Act and the limitation provisions of section 22 of the Agricultural Adjustment Act recognized the necessity of authority to protect domestic industry but that action under the escape clause had not been taken, with respect to the imports dealt with in section 104, and effective action under section 22 with respect to such imports could not be taken unless it was amended. Proponents expressed the belief that it made no difference in what law authority might be lodged; if effective action was taken to control such imports,

protests still would be made by countries affected. Those supporting the retention of section 104 further pointed out that with domestic prices of agricultural products above world prices for many of the commodities and products under our price-support program that unless effective restrictions were placed on imports of such commodities and products that our domestic support-price program would become a world price-support program with the costs paid by the American taxpayer. The committee was informed that approximately \$3 billion of Government funds currently are involved in agricultural price-support operations. The mechanism exists in the Agricultural Adjustment Act of 1938 to reduce domestic production of basic agricultural commodities through the use of marketing quotas and thus reduce the exposure of the crop price support programs to the burden of unwieldy surpluses. As of the present time prospects are that it may be necessary to apply marketing quotas to the 1954 crop of wheat. It seems clear that effective authority should exist with respect to agricultural imports of foreign production to likewise limit the potential burden on price-support operations.

It is the understanding of the committee that revision of section 22 of the Agricultural Adjustment Act of 1933 to deal effectively with this situation is under active consideration. Pending such revision the Committee believes that section 104 should be continued.

EXPANSION OF PRODUCTION CAPACITY AND SUPPLY

Title III of the Defense Production Act of 1950, as amended, authorizes specific agencies of the Government, including the three military departments, to guarantee loans to assist and expedite defense production and also authorizes such agencies as the President may designate to make loans to business enterprises for the expansion of plant capacity, the development of technological processes or the production of essential materials. Title III also contains authority for the guaranteed long-term purchases of minerals and other materials for Government use or for resale and for installing equipment and facilities in Government or privately owned plants. The committee is of the opinion that this authority should be extended.

As of March 31, 1953, V-loan guaranties of the Army, Navy, and Air Force were in force on credits of about \$1.5 billion, of which approximately \$935 million was actually outstanding and in use. Many responsible and qualified contractors, especially small enterprises, are required to accept defense contracts far beyond their normal financial capacity, and in these cases guaranteed loans become essential. The procurement program will continue to require that such assistance be available. Similarly, it is important that authority be continued to supply equipment to defense contractors necessary for the production of certain items, particularly where such equipment will be of no value to the contractor after completion of the defense contract. Through the use of authority provided in title III of the act, particularly guaranteed purchases, production of critical materials has been tremendously expanded. For example, the annual supply of tungsten has been doubled over the past 2 years. The aluminum supply has been substantially increased over the past 2 years and with the completion of expansion plans currently under way will more than double the 1950 rate.

Title III authorities have been extensively used and must be credited with a substantial part in the expansion of industrial capacity which has occurred during the past two and a half years. It is partly through this expansion of capacity that it has been possible to achieve the substantial balance in supply and demand which has allowed the termination of most of the economic controls on the economy at the present time. However, considerable work remains to be done. Testimony given before the committee indicated that roughly two-thirds of industrial expansion goals had been 90 percent or more subscribed. In other words, private enterprise had agreed to undertake that much of the proposed expansion. About 8 percent of the expansion goals are less than one-half subscribed. The program has reached the area of selective expansion in materials peculiarly important to defense but not normally in great demand for the production of peacetime goods and services. The authorities provided in title III of the act in cooperation with programs of the Defense Department and other agencies of the Government involving research, development, construction, specialized production, and stockpiling will make possible the completion of the Nation's industrial base for war mobilization.

Most of the powers granted in title III of the act are financed by authority to borrow \$2.1 billion from the Treasury. Provision is made in the act for computing the Government's obligations on the basis of probable ultimate net cost after completion of the programs. Present estimates indicate a substantial balance will remain in the fund after payments of all costs, and as a result no request was made by the administration for an increase in the gross borrowing authority. The following table shows the utilization of the borrowing authority as of March 31, 1953:

Utilization of authority to borrow from U. S. Treasury, as of Mar. 31, 1953

[Thousands of dollars]

Agencies authorized to borrow from U. S. Treasury	Total borrowing authority allocated	Transactions with U. S. Treasury			Available for borrow- ing
		Cumulative amount		Balance outstand- ing	
		Borrowed	Repaid		
Total.....	1, 802, 000	490, 376	147, 134	343, 242	1, 458, 758
Defense Materials Procurement Agency.....	1, 100, 000	333, 700	125, 000	208, 700	891, 300
Reconstruction Finance Corporation.....	490, 000	147, 300	22, 100	125, 200	364, 800
Export-Import Bank.....	135, 000	376	34	342	134, 658
Department of Agriculture ¹	61, 000				61, 000
Department of the Interior.....	16, 000	9, 000		9, 000	7, 000

¹ CCC funds are used for working capital.

The committee amendment in addition to extending title III of the act would add additional language to section 301 (a) of the act in order to clarify authority in relation to guaranty of loans after termination of contracts and in relation to the orderly windup of the guaranty program when the statutory authority ends. The committee amendment would add an additional year to the term for which long-term Government contracts for searce materials could be made through substituting 1963 for 1962 as presently provided in section 303 (b) of the act. The committee amendment would also add a pro-

vision to title III of the act which would grant authority to the President to transfer to the stockpile, metals, minerals, and materials acquired by the Government pursuant to section 303 authority of the act which, in the judgment of the President, are "excess to the needs" of the defense program. Such transfers made to the national stockpile would be made without charge against or reimbursement from national stockpile appropriations, except for the direct costs that may be incurred in connection with the handling of any such transfers. The transferring agency would be charged with the direct costs of any materials so transferred and notes payable issued to the Secretary of the Treasury representing the amounts thereof would be canceled with a corresponding reduction made in the borrowing authority which may be outstanding at any one time under the provisions of section 304 (b) of the act.

GENERAL PROVISIONS OF TITLE VII OF THE ACT

This title of the act contains administrative provisions which are necessary to carry into effect the substantive provisions provided in the other titles of the act. These include the authority to delegate powers, create agencies, require information and reports, make regulations, seek injunctive relief against violators of the act and other similar matters. Provisions of the title also relate to definitions, encouragement of small-business enterprises, voluntary agreements, authority for the Joint Congressional Committee on Defense Production, authority for the Small Defense Plants Administration and the termination of authorities granted in the act. Except for such changes as would be provided by the committee amendment, these provisions in title VII of the act together with the amended titles I and III of the act would be extended for a period of 1 year to the close of June 30, 1954. Changes which the committee amendment would make in title VII provisions are concerned with application of the allocation powers in the civilian market, termination of the Small Defense Plants Administration and clarification of authority with respect to the termination date of V-loans.

The committee amendment would make certain changes in the provisions of section 701 (c) of the act which relate to application of allocation powers in the civilian market. These reflect, principally, changes in conditions which have permitted the progressive freeing of the economy from such controls. In the case of materials still under allocation controls in the civilian market on July 1, 1953, allocations would be required to be made in such a manner, so far as practicable, as to make available to business a fair share of the available civilian supply based on the amount received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations. Such procedure would also be applicable in the event of subsequent reimposition of allocation controls on materials in the civilian market which had been subject to such controls on July 1, 1953. In the case of materials which were not under allocation controls in the civilian market on June 30, 1953, allocations if undertaken would be required to be made in such a manner, so far as practicable, as to make available to business a fair share of the available civilian supply based, so far as practicable, on

the share such business receives in a normal representative period following June 30, 1953, with regard being given to periodic changes in current competitive position, the needs of new concerns and newly acquired operations.

No provision would be made in the committee amendment for extension of section 714 of the act under which the Small Defense Plants Administration was established. This is in keeping with the action of the House on June 5 in passing H. R. 5141 which would provide for the establishment of a permanent, independent Small Business Administration. The Small Business Administration would continue many of the functions of the SDPA in the present mobilization period and in addition would be given powers and duties to encourage and assist small-business enterprises in peacetime as well as in any future war or mobilization period.

The proposed amendment to section 717 (c) of the act would make clear that the maturity date of V-loans could extend beyond the termination of the act. At the time of reconversion from defense to civilian production borrowers might stand as much in need of financial assistance as when they previously converted from civilian to defense production. It was never intended that the maturity date of a V-loan should coincide with the termination date of the Act. No V-loans of course could be made after termination of the title granting such authority, but it would be made clear the maturity of such loans could extend beyond such termination date.

AUTHORITY TO REQUISITION AND CONDEMN

Title II of the act contains provisions with respect to the requisitioning and condemnation of property for the national defense and with respect to the return of property so acquired when it is no longer needed for the national defense.

Mr. Flemming, the Director of the Office of Defense Mobilization in testifying before the committee pointed out that in the current mobilization program the authority granted by this title had been used only once and then it was used to clear up a clouded title rather than because of recalcitrance or a wish to profiteer on the part of the owner. It was his opinion that the major value of the authority had been of a psychological character in that the hoarding of scarce materials and general resistance to the requirements of the defense program had been discouraged by the existence of the authority to requisition. However, as the economy is progressively freed from economic controls and priorities increasingly are confined to military production, the problem of enforcement is greatly simplified and the value of the authority to requisition is correspondingly reduced. The committee is in agreement with the position taken by the administration that the authority contained in this title of the act is not needed at the present time and can be allowed to lapse upon its termination date of June 30, 1953.

CREDIT CONTROLS

Title VI of the Defense Production Act of 1950 as originally enacted authorized the imposition of consumer and real-estate construction credit controls. With respect to consumer credit controls it authorized

the exercise of such controls pursuant to the provisions of Executive Order No. 8843, dated August 9, 1941. Such Executive order was issued under the provisions of section 5 (b) of the Trading With the Enemy Act and was the authority for the regulation of consumer credit control by the Board of Governors of the Federal Reserve System during World War II. In the 1951 extension of the Defense Production Act the Congress, as a result of its review of the operation of such controls, provided statutory minimums for maturities and statutory maximums for down payments in order to lessen the stringent effect upon the economy of the consumer credit controls then in effect. In the 1952 extension of the Defense Production Act the Congress determined that the exercise of such consumer credit controls were no longer needed and consequently the authority in said act was repealed.

Title VI of the Defense Production Act of 1950 authorized the President to exercise credit controls over real-estate construction credit by providing for the establishment of minimum downpayments and maximum maturities. In 1952 the Congress limited the exercise of the real-estate construction credit controls then in effect. It provided that not more than a 5-percent downpayment could be required during any period in which the annual volume of housing starts was estimated to be on a seasonally adjusted basis less than 1,200,000 units. Pursuant to this amendment real-estate credit construction controls were relaxed during the fall of 1952. The remaining restrictions with respect to Government-insured and guaranty home-loan programs were administratively terminated in the spring of this year.

The President has not requested a further extension of the authority to impose controls over real estate construction credit and has indicated no necessity for the imposition of consumer credit controls at the present time. Your committee likewise believes that there is no present necessity for the continuation of either of these controls. The Senate bill would restore the original provisions of title VI of the Defense Production Act of 1950 concerning consumer and real-estate credit controls but would authorize their exercise only during a period in which the standby freeze authority provided for in section 16 of the Senate bill was used. The committee amendment would strike out this provision of the Senate bill and provide that the remaining authority with respect to construction credit controls under title VI of the act would terminate on June 30, 1953.

STANDBY ECONOMIC FREEZE CONTROLS

No one has proposed that price-and-wage controls should be continued at the present time. The President provided for an orderly liquidation of such controls in the first part of the year, and the Congress has already passed legislation consistent with the President's recommendation providing for an orderly liquidation of rent controls. Both of these actions have been consistent with the President's statement in his state of the Union message to the Congress in which he said:

The great economic strength of our democracy has developed in an atmosphere of freedom. The character of our people resists artificial and arbitrary controls of any kind. Direct controls, except those on credit, deal not with the real causes of inflation but only with its symptoms. In times of national emergency, this kind of control has a role to play. Our whole system, however, is based upon the

assumption that, normally, we should combat wide fluctuations in our price structure by relying largely on the effective use of sound fiscal and monetary policy, and upon the natural workings of economic law.

Moreover, American labor and American business can best resolve their wage problems across the bargaining table. Government should refrain from sitting in with them unless, in extreme cases, the public welfare requires protection.

We are, of course, living in an international situation that is neither an emergency demanding full mobilization, nor is it peace. No one can know how long this condition will persist. Consequently, we are forced to learn many new things as we go along—clinging to what works, discarding what does not.

In all our current discussions on these and related facts, the weight of evidence is clearly against the use of controls in their present forms. They have proved largely unsatisfactory or unworkable. They have not prevented inflation; they have not kept down the cost of living. Dissatisfaction with them is wholly justified. I am convinced that now—as well as in the long run—free and competitive prices will best serve the interests of all the people, and best meet the changing, growing needs of our economy.

Accordingly, I do not intend to ask for a renewal of the present wage and price controls on April 30, 1953. In the meantime, steps will be taken to eliminate controls in an orderly manner, and to terminate special agencies no longer needed for this purpose. It is obviously to be expected that the removal of these controls will result in individual price changes—some will move up, some down. But a maximum of freedom in market prices as well as in collective bargaining is characteristic of a truly free people.

Your committee considered the matter of providing for standby price, wage, rent, and credit controls on both the basis provided for in S. 1081 as reported by the Senate Committee on Banking and Currency and as provided in S. 1081 as passed the Senate. In brief, the Senate committee reported bill would have authorized the President to freeze prices, wages, and rents whenever he shall find and declare that a grave national emergency exists and that the exercise of such authority is necessary in the interest of national security and economic stability. The bill was amended on the floor of the Senate to limit the exercise of such standby freeze authority to those instances in which Congress had declared war or passed a concurrent resolution stating the existence of a grave national emergency requiring the exercise of such freeze provisions. Your committee is of the opinion that it is both unnecessary and unwise to provide for standby authority on either of these bases.

Your committee is fully cognizant of the fact that in time of war it would undoubtedly be necessary to enact legislation providing for the freeze of the price, wage, and rent structure in order to insure an economic equilibrium necessary to support national defense and mobilization programs which would be required under such circumstances. Under such circumstances it should be pointed out that the Congress in its wisdom could either delegate the authority to freeze our economy price-wise or could in the legislation itself provide for such a freeze without further action by the President. In many discussions of the necessity for the provision of standby freeze authority it has been generally agreed that the responsibility for providing the authority for such action, if needed, is that of the Congress. The basic question is whether the Congress, could under emergency conditions warranting such freeze authority, act in sufficient time to restrain economic forces from creating an abnormal price structure. Your committee is of the opinion that the Congress not only can but would act in sufficient time to insure that our price structure retained the necessary balance and was not unleashed on a ruinous inflationary course in time of war, which in itself requires action by the Congress.

In view of the recent experience of the Congress with price-control legislation in World War II and again following Korea, there hardly seems any question but that one of the first actions taken by the Congress following the declaration of the war would be the passage of legislation authorizing a temporary general price, wage, and rent freeze. As a matter of fact, under such circumstances the Congress might very well decide that such a freeze would be provided immediately and in the legislation itself and not be left to the discretion of the executive department to put it into operation.

As we are all well aware the President has not asked for any standby control legislation. In appearing before your committee, Mr. Arthur S. Flemming, Director of the Office of Defense Mobilization, stated:

Consistent with the President's desires to free the economy of controls, we hope that the Congress will decide that, in the event of an emergency situation, it could move rapidly enough in providing authority for a freeze to deal with the problem in an adequate manner.

If, however, the Congress should arrive at the contrary conclusion, I am authorized to state that a bill containing a provision granting authority to the President to impose a freeze on prices and wages would be acceptable.

He further stated:

In the stabilization field (as in war production, manpower, and civil defense), a planning group must be set up. It should operate under deadline dates. When these dates are met only a very few people will be needed to keep the plans current.

The planning staff should include people with experience in living under controls and part of the emphasis of the staff should be on developing less burdensome and more effective controls.

The staff should prepare operating plans, including legislation, for price, wage, and rent controls and consumer rationing. It should chart the organization necessary to carry out these programs and prepare a panel to staff this organization.

It should give major consideration to indirect control methods in order to minimize the use of direct controls.

We would hope that in the development of such plans it might be possible for us to work cooperatively with this committee, as well as with the Senate Banking and Currency Committee or with the Joint Committee on Defense Production.

In other words, whether we have standby freeze authority or not, a major responsibility rests with the executive branch to develop on a cooperative basis with the legislative branch the kind of plans that, when put into effect, will deal adequately and promptly with an emergency situation should one arise.

There is no question that it would not only be unwise but in utter disregard of the dynamic nature of our economy to provide for a detailed standby freeze bill at this time. Mr. Flemming in his testimony before the committee said:

I might say this, that it has been our position that we are opposed to the enactment of a detailed standby control law, because we feel that any effort to enact at the present time a detailed standby control law, would not be too realistic, in that, by the time it became necessary to apply the provisions of the law, conditions might have changed considerably, and consequently, the Congress would have to take a look at the whole matter again anyhow.

The fundamental cure for inflation, as well as the best insurance against inflation is production. We must at all times take every step to insure the full output of our productive facilities to satisfy the demands of our economy. It is possible that the constant threat of the imposition of standby freeze controls would adversely affect our productive effort. Such a threat might well be the sword of Damocles forcing our production potential into nonrealistic goals and fictitious pricing patterns against the day when such action would benefit some

pricewise but adversely affect our economic requirements for the supply of goods. Consistent with the effort to have our economy operate as far as possible in the free forces of the market which has always been the basis of our economic activity and the fundamental reason for the tremendous national output of American business, agriculture, and labor, we should not attempt to instill into our economy an ever-present threat of straightjacketing.

The Congress can exercise its will quickly and forcibly when the situation warrants. To those who say that the Congress cannot act quickly in an emergency requiring freezing of the price, wage, and rent structure, it should be pointed out that the time consumed in enacting prior legislation both in World War II and after Korea, was a direct result of providing detailed legislation—not temporary freeze authority. With the experience the Congress and the committees of Congress have had in recent years in this field together with the operation of a planning staff of the type referred to by the Director of Defense Mobilization, there is no question but that the Congress can and will act expeditiously in this field when conditions so require. The responsibility rests with the Congress to act in accordance with the urgencies of the situation. In time of war there could be little question concerning the need for this type of legislation or the expedition with which the Congress would enact it. In other periods short of declared war, the Congress and the administration will be aware of the need for a sharp increase in production for defense materials and can evaluate the impact such an increase would have upon the domestic economy and determine the production incentives controls required to minimize the inflationary potential resulting therefrom. Most important in circumstances which gradually develop into a situation requiring sharp increases in defense production is the necessity for knowing the economic conditions prevailing, what must be done to meet the goals then required, and to take those steps which will insure attainment of the desired objectives.

SECTION-BY-SECTION ANALYSIS OF THE BILL, AS AMENDED

The first section provides that the bill may be cited as the "Defense Production and Temporary Controls Act of 1953."

Section 2.—This section amends the declaration of policy contained in the Defense Production Act of 1950 so as to make it conform to the more limited scope of the act as amended by the bill.

Section 3.—This section rewrites section 101 of the Defense Production Act of 1950, which relates to priorities and allocation controls. Subsection (a) of section 101, as rewritten, is the same as existing law except that it does not include the existing provisions with respect to slaughtering of livestock. Subsection (b), as rewritten, provides that the powers granted in the section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that the material is scarce and critical, and essential to national defense, and (2) that national-defense requirements for the material cannot otherwise be met without creating a significant dislocation of distribution in the civilian market to a degree creating appreciable hardship. The provisions of the existing subsection (b) concerning the International Materials Conference and the controlled materials plan are not included in the section as rewritten.

Section 4.—This section amends section 301 of the Defense Production Act of 1950, which authorizes Government guaranties of credit in connection with national defense contracts (the V-loan program). The amendments have two purposes: (1) To make it clear that guaranties may be made under the section in connection with the termination of Government contracts; and (2) to provide that no small-business concern shall be denied a guaranty merely because an alternative source of supply exists for the item to be procured on the Government contract involved.

Section 5.—This section extends for 1 year, from June 30, 1962, to June 30, 1963, the termination date of long-term Government contracts that may be entered into under section 303 of the Defense Production Act of 1950 for purchases of or commitments to purchase metals, minerals, and other materials, and for exploration, development, and mining of critical and strategic minerals and metals.

Section 6.—This section provides that metals, minerals, and materials acquired under section 303 of the Defense Production Act of 1950 which are excess to the needs of programs under that act shall be transferred to the national stockpile created under the Strategic and Critical Materials Stockpiling Act. Such transfers shall be made without charge against or reimbursement from national stockpile appropriations, except for direct costs incurred in connection with such transfers. The transferring agency shall be charged with a direct loss for the acquisition cost of the transferred metals, minerals, and materials, and notes issued to the Secretary of the Treasury representing the amounts thereof shall be canceled, with a corresponding reduction in borrowing authority under section 304 (b) of the act.

Section 7.—This section amends section 701 (c) of the Defense Production Act of 1950, which provides that when allocation controls over any material result in significant dislocation of distribution in the civilian market, they shall be exercised in such a way as to make available, so far as practicable, to the various segments of business in the normal channel of distribution of such material, a fair share of the available civilian supply. The section now provides that this share shall be based, so far as practicable on the share received during a representative period preceding June 24, 1950, having due regard to the current competitive position of established business, and that controls on the production of specific items shall not exclude new concerns from a fair share of total authorized production.

The principal change made by the bill is to provide for a new base period for allocating materials not under control on July 1, 1953. As to such materials, the base period is changed to a representative period following June 30, 1953; due regard must be given to periodic changes in the current competitive position; the provision relating to new concerns is broadened to cover newly acquired operations; and due consideration must be given to the needs of new concerns and newly acquired operations. As to materials under control on July 1, 1953, the bill provides for the same base period as existing law, with adjustments to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations.

Section 8.—This section amends section 717 (a) of the Defense Production Act of 1950, which provides for the termination of various parts of the act. As amended by the committee amendment, the section provides that title II (authority to requisition and condemn),

title VI (real-estate construction credit controls), and section 714 (Small Defense Plants Administration) shall terminate on June 30, 1953, the same date as is now provided for their termination. The following provisions are continued until June 30, 1954: Title I, which relates to priorities and allocations controls, hoarding, and import controls; title III, which relates to expansion of productive capacity and supply; and title VII (except for sec. 714), which contains general provisions relating to the administration of the act. Titles IV and V, relating to price and wage controls and the settlement of labor disputes, expired on April 30, 1953.

Section 9.—Section 301 of the Defense Production Act of 1950 authorizes Government guaranties of credit in connection with national defense contracts (the V-loan program). Section 9 of the bill amends the termination provisions of the act so as to authorize a guaranteeing agency to take action under section 301, notwithstanding its termination, to accomplish the orderly liquidation, adjustment, or settlement of any loan guaranteed under the section before its termination. Such action may include action to avoid undue hardship to the borrower in converting to normal civilian production.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. [Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and re-directed.]

[It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.]

Defense production requires some diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand.

Moreover, there is the ever-present threat of further Communist aggression which may seriously jeopardize the American economic system unless proper safeguards exist for the imposition of certain economic controls in the event of a grave national

emergency. The necessity for such safeguards is emphasized by the speedily destructive force of modern warfare which allows no delay in the taking of Executive action to insure the preservation of the well-being of the economy. This Act provides a basis for the imposition of price, wage, and rent controls for a temporary period in the event serious economic dislocations develop which threaten the national security or welfare.

It is the sense of the Congress that direct economic controls are incompatible with the American free enterprise system and should be invoked only if an emergency arises serious enough to threaten the economic well-being or security of the United States. However, if such an emergency should develop the President must have the power to employ immediate economic controls for such reasonable period of time as will give Congress an opportunity to act.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense. [No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor. Nor shall any restriction or other limitation be established or maintained upon the species, type, or grade of livestock killed by any slaughterer, nor upon the types of slaughtering operations, including religious rituals, employed by any slaughterer; nor shall any requirements or regulations be established or maintained relating to the allocation or distribution of meat or meat products unless, and for the period for which, the Secretary of Agriculture shall have determined and certified to the President that the over-all supply of meat and meat products is inadequate to meet the civilian or military needs therefor: *Provided*, That nothing in this Act shall be construed to prohibit the President from requiring the grading and grade marking of meat and meat products.]

[(b) When all requirements for the national security, for the stockpiling of critical and strategic materials, and for military assistance to any foreign nation authorized by any Act of Congress have been met through allocations and priorities it shall be the policy of the United States to encourage the maximum supply of raw materials for the civilian economy, including small business, thus increasing employment opportunities and minimizing inflationary pressures. No agreement shall be entered into by the United States limiting total United States consumption of any material unless such agreement authorizes domestic users in the United States to purchase the quantity of such material allocated to other countries participating in the International Materials Conference and not used by any such participating country. Nothing contained in this Act shall impair the authority of the President under this Act to exercise allocation and priorities controls over materials (both domestically produced and imported) and facilities through the controlled materials plan or other methods of allocation.]

(b) *The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.*

* * * * *

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries or services under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to

purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance [, or in connection with or in contemplation of the termination,] of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in section 714 (a) (1) of this Act) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply.

* * * * *

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however,* That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals and metals shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: *Provided further, however,* That no purchase or commitment to purchase any imported agricultural commodity shall be made calling for delivery more than one year after the expiration of this Act.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, [1962] 1963, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) If the President finds—

(1) that under generally fair and equitable ceiling prices for any raw or nonprocessed material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the Act; or

(2) that an increase in cost of transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials,

he may make provision for subsidy payments on any such domestically produced material other than an agricultural commodity in such amounts and in such manner (including purchases of such material and its resale at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources are continued, or that maximum production or supply in such area at stable prices of such materials is maintained, as the case may be.

(d) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined, any materials procured under this section.

(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install government-owned equipment in plants, factories, and other industrial facilities owned by private persons.

(f) *Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this Act, shall be transferred to the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.*

Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such Act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, minerals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this Act, as amended, shall be reduced in an amount equal to the amount of any notes so canceled.

* * * * *

TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT ONLY

SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941).

SEC. 602. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

(b) No person shall extend or maintain any real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this

section to be registered; and, after notice and opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before [12 o'clock meridian, August 3, 1950,] *the effective date of any regulation issued under subsection (a) of this section after the date of the enactment of the Defense Production and Temporary Controls Act of 1953.* As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent [establishment or] *establishment*, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation, or by any [mixed-ownership] *mixed ownership* Government corporation as defined in the Government Corporation Control Act, as amended.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to [sell or] *sell*, or sale or contract of [sale, of property] *sale of, property* or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

SEC. 603. Any person who willfully violates any provision of section 601, 602, or [605 or] *605*, or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both.

SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

SEC. 605. To assist in carrying out the objectives of this Act the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized

loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law. Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other [laws] *law*, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section.

[SEC. 606. Not more than 10 per centum downpayment shall be required pursuant to section 602 or section 605 of this Act in connection with the loan on any home not made or guaranteed by the Veterans' Administration and the transaction price of which home does not exceed \$7,000; nor more than 15 per centum in connection with any such loan on any home the transaction price of which exceeds \$7,000 but does not exceed \$10,000; nor more than 20 per centum in connection with any such loan on any home the transaction price of which exceeds \$10,000 but does not exceed \$12,000. The term of any loan referred to in the preceding sentence or in the last proviso of section 605 shall not be required to be less than twenty-five years.]

SEC. 606. *No authority under this title shall be initially invoked with respect to either consumer credit controls or real estate construction credit controls unless and until the President has established ceilings on prices, wages, and rents pursuant to the authority contained in section 801 of this Act; and all authority under this title shall cease to be in effect upon the termination of such ceilings.*

[SEC. 607. Notwithstanding the provisions of sections 602 and 605 of this title, the authority of the President which is derived from said sections to impose credit regulations relative to residential property shall not be exercised with respect to extensions of credit made during any "period of residential credit control relaxation", as that term is herein defined, in such manner as to impose any downpayment requirement in excess of 5 per centum of the transaction price. The President shall cause to be made estimates of the number of permanent, nonfarm, family dwelling units, the construction of which has been started during each calendar month and, on the basis of such estimates, he shall cause to be made estimates of the annual rate of construction starts during each such month, after making reasonable allowance for seasonal variations in the rate of construction. If for any three consecutive months the annual rate of construction starts so found for each of the three months falls to a level below an annual rate of 1,200,000 starts per year, the President shall cause to be published in the Federal Register an announcement of the beginning of a "period of residential credit control relaxation", which period shall begin not later than the first day of the second calendar month following such three consecutive months. Each such relaxation period may be terminated by the President at any time after the annual rate of construction starts thereafter estimated for each of any three consecutive months exceeds the level referred to in the preceding sentence.]

TITLE VII—GENERAL PROVISIONS

SEC. 701. (a) * * *

* * * * *

(c) Whenever the President invokes the powers given him in this Act to [allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution] *allocate any material* in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period [preceding June 24, 1950,] *following June 30, 1953*, and having due regard to *periodic changes* in the current competitive position of established business: *Provided*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration

to the needs of new concerns and newly acquired operations: Provided further, That if the President continues or reimposes allocation controls after June 30, 1953, in the civilian market of any materials subject to such controls on July 1, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations.

* * * * *
SEC. 702. (a) * * * * *
* * * * *

[(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.]

(d) The term "national defense" means programs for military and atomic energy production or construction, military assistance to any foreign nation, and stockpiling and directly related activity.

* * * * *
SEC. 714. (a) (1) It is the sense of the Congress that small-business concerns be

encouraged to make the greatest possible contribution toward achieving the objectives of this Act. In order to carry out this policy there is hereby created an agency under the name "Small Defense Plants Administration" (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation, *including producers of strategic and critical minerals and metals.* The Administration, in making a detailed definition, may use these criteria, among others: independency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

* * * * *
(4) The Administration shall not have succession, beyond June 30, [1953]

1955, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section

* * * * *
(f) (1) * * * * *

* * * * *

(3) Whenever materials or supplies are allocated *in the civilian market* by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

[(4) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: *Provided, That the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.*]

* * * * *

SEC. 717. (a) Titles I, II, III, VI, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1953; and titles IV and V of this Act and all authority conferred thereunder shall terminate at the close of April 30, 1953.]

SEC. 717. (a) (1) Title I (except section 104), and titles III, VI, VII, and VIII of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955, or at the expiration of ninety days after the issuance on or before that date of an Executive order establishing ceilings under the provisions of section 801 (a) of this Act, whichever is later.

(2) Section 104 of title I and title II of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953; and titles IV and V of this Act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953

* * * * *

(c) The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act, or the taking of any action (including the making of new guarantees) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this Act, including actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection.

* * * * *

TITLE VIII—TEMPORARY EMERGENCY PRICE, WAGE, AND RENT CEILINGS

SEC. 801. (a) The President is authorized and directed, whenever the United States has declared war against a foreign nation, or whenever the Congress, by concurrent resolution, shall find and declare that a grave national emergency exists and that the exercise of such authority is necessary in the interest of national security and economic stability, to establish simultaneously by Executive order ceilings on (1) the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of materials and services, (2) wages, salaries, and other compensation paid or received with respect to employment, and (3) rents paid or received for the use or occupancy of housing accommodations, at those prevailing as of the close of business on the business day next preceding the day on which the action is taken, or those prevailing on the nearest date during the preceding thirty days on which, in the judgment of the President, they are generally representative, or if none prevailed during such thirty-day period, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. Notwithstanding the foregoing, (A) the ceiling level for any agricultural commodity shall be the higher of (i) the level specified in the foregoing provision, or (ii) the parity price for the commodity determined and adjusted for grade, location, and seasonal differentials by the Secretary of Agriculture, and (B) the ceiling level for any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall be the higher of (i) the level specified in the foregoing provision, or (ii) such level as will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the ceiling level specified therefor in this sentence. All ceilings established under this title shall terminate ninety days after the issuance of such order, or at such earlier time as Congress may by law or concurrent resolution provide, and the authority conferred by this title to establish ceilings shall not thereafter be exercised.

(b) The authority conferred by this title shall not be exercised with respect to the following: prices, or rentals for materials furnished for publication by any press association or feature service, or books, magazines, motion pictures, periodicals or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities.

SEC. 802. The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of this title. Whenever in the

judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to the recovery of possession) in connection with any housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this title.

SEC. 803. (a) Regardless of any obligation heretofore or hereafter entered into, it shall be unlawful—

(1) for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or to demand, accept, receive, or retain any rent for the use or occupancy of any housing accommodations, or otherwise to do or omit to do any act, in violation of this title or any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt, or agree to do any of the foregoing; or

(2) for any employer to pay, or any employee to receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title.

The President shall prescribe the extent to which any payment (including any wage, salary, or compensation payment), either in money or property, made in contravention of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any person for the purposes of any other law or regulation, including bases in determining gain for tax purposes.

(b) Any person who willfully violates any provision of this section shall, upon conviction thereof, be subject to a fine of not more than \$10,000 or to imprisonment for not more than one year, or both.

SEC. 804. Nothing in this title shall be construed to require any person to sell any material or service, or to offer any housing accommodations for rent, or to perform personal services.

SEC. 805. As used in this title—

(a) The term "rent" means the consideration, including any bonus, benefit, or gratuity, demanded or received for or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

(b) The term "housing accommodations" means any building, structure or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

SEC. 806. This title shall become effective on May 1, 1953.

MINORITY VIEWS

INTRODUCTION

We have voted to report S. 1081 to the House but only because it continues allocations, priorities, and other necessary aids to the defense-mobilization program. But we are in fundamental disagreement with the decision of the majority of this committee against including in S. 1081 standby authority for the President to freeze prices, wages, and rents for a limited period of 90 days in the event of a future, grave emergency.

We supported an amendment offered by the ranking minority member, Mr. Spence, to eliminate the Byrd amendment from the 90-day-freeze provision. The Byrd amendment would have prevented the President from acting until Congress had either declared war or passed a concurrent resolution finding that a grave national emergency existed. Obviously, this would have defeated the very purpose of the freeze, namely, speed. Mr. Spence's amendment was rejected by a vote of 15 to 13. We then joined with the majority in voting to strike section 16 (the 90-day freeze) from the bill. To have supported a 90-day-freeze provision containing the Byrd amendment would have been hypocrisy.

What is particularly regrettable is that the majority of this committee seem to be oblivious to what happened in the past when failure to take legislative action promptly to provide necessary control authority has had disastrous inflationary consequences.

If our mistakes of the past have taught us anything at all about inflation, it is that controls must be imposed at the inception of an emergency, while normal economic relationships exist and before a wild scramble for goods causes violent upsurges and distortions in the entire price structure.

Congress could, of course, take prompt action in an emergency to provide necessary control authority. However, previous experience has been completely to the contrary. In both World War II and Korea, inflation had already made serious inroads by the time Congress completed action providing necessary control authority.

To prevent this from happening again, we agree with the Senate Banking and Currency Committee that it is essential that S. 1081 contain appropriate standby authority to arm the President with power to freeze the economy for a short time, should a grave emergency occur, during which time Congress would have an opportunity to consider the entire matter.

Such a standby measure is, we think, essential insurance to protect future economic stability. Failure to take such action is to gamble needlessly with our future economic security.

Although direct controls are not needed now, a grave emergency could occur at any time which would require their imposition

We believe emphatically that direct controls over the economy are contrary to our free enterprise system and should be imposed only

in a serious emergency, where no other practicable alternative exists to stem inflation. Such controls are not needed now, even though we are in an emergency period and the cost of living is within a fraction of its all-time high, because production of civilian goods is in general ample to meet demand, and prices are in fairly good balance.

This does not mean that the present economic climate will be an enduring one. A grave emergency could upset this equilibrium and cause immediately a wave of scarce buying and hoarding which would touch off a new inflationary spiral. If not checked quickly, this inflation could have the most tragic consequences for the people of the country, particularly those who live on fixed incomes.

In the light of the present world situation, the occurrence of such an emergency is not an idle pipedream but a real possibility. In any one of a number of danger spots—in the Far East—in the Middle East—in fact, in many places in the world—Communist aggression could erupt without warning and set off a fuse that could wreck the economy.

With this potential, but nevertheless real threat staring us in the face, it is sheer folly to adopt an ostrichlike attitude of hiding our heads in the sand, hoping thus that our troubles, now and forever, will just disappear into thin air.

There are many who, although recognizing the possibility of a future grave emergency, nevertheless feel that direct controls should never be imposed under any circumstances. They believe that even in wartime the law of supply and demand could solve the inflationary problem.

Presumably, this point of view is not shared by the present administration, although we must admit to considerable difficulty in understanding whether or not the administration actually has a position on this problem. At any rate, the spokesman for the administration, Mr. Arthur S. Flemming, who occupies the dual role of Director of the Office of Defense Mobilization and Economic Stabilization Administrator, testified before this committee that if there is to be a fast step-up in the defense mobilization program, it would be necessary for the administration to consider the desirability of imposing controls. He advised the committee that he could visualize a situation short of war which would have a sufficient impact on the economy to raise immediately the issue of whether or not there should be controls.

Direct controls actually are necessary in time of crisis such as war, because the normal laws of supply and demand are not effective regulators of prices in the market place. Owing to the needs of military production, the supply of goods available for civilian production is reduced sharply on the one hand, while money incomes are increased greatly on the other. There are thus created irresistible price pressures on a limited volume of goods, which if not stemmed by direct controls could result in runaway inflation. In these circumstances, in brief, the demand is so great and the supply so limited, that principal reliance cannot be placed on normal laws of the market to hold down the price level.

Prompt action is required

When a grave emergency occurs immediate action is necessary to place controls over the entire economy while it is in relative balance.

Otherwise, as indicated, consumers engage in a wild scramble for goods to beat price rises and shortages, and businessmen pile up inventories in excess of their needs while increasing their prices in response to increased costs and demand for their goods. This is precisely what happened after the Korean invasion on June 25, 1950.

Immediately after the Korean invasion a wave of panic buying took place, induced by the fear that the war might spread, leading to higher prices and shortages. By the time that prices were frozen by the Office of Price Stabilization in January 1951 the spot market index had increased 47 percent, the wholesale price index 14 percent, and the cost of living 7 percent.

The failure to take prompt action immediately after Korea increased the cost of living by over \$14 billion and pyramided defense costs by an enormous amount.

Delay in freezing the economy also has the result of causing innumerable inequities for some businessmen and windfalls for others. For those businessmen who do not prior to the freeze increase their prices commensurate with their cost increases the imposition of controls causes a serious squeeze. For those who profited and advance their prices higher than justified, the freeze grants a windfall.

Another consequence of delay in imposing controls is to require either rollbacks for those who had raised their prices unjustifiably or increases across the board for everyone to the levels charged by the profiteers who had increased their prices the most. One of these two alternatives is necessary if inequities and distortions are to be removed and a balanced price structure achieved.

Experience has demonstrated that Congress will not act with sufficient speed; prompt action requires vesting of authority in the President

It is entirely unrealistic to assume that Congress would take action on a resolution to freeze the economy within the time that is necessary, which, according to Mr. Flemming should not exceed 10 days. For one thing, groups representing varying viewpoints would probably request an opportunity to express their views on the resolution. For another, Members of Congress, especially those who oppose controls under any circumstances, would in all likelihood insist upon extended debate.

Equally important, once the emergency occurred, the very fact that proposed control authority was being considered by the Congress would itself act as an additional stimulus to price increases. That is because businessmen would raise their prices to the highest possible levels so as not to be caught in a disadvantageous price position if direct controls should be imposed.

Apart from this, the record shows conclusively that Congress will not act with the speed required. In World War II, for example, even though a control bill was introduced on August 1, 1941, final passage did not occur until January 30, 1942, almost 2 months after Pearl Harbor. Meanwhile the cost of living had increased over 6 percent.

After the Korean invasion, a control bill was introduced on July 19, 1950. Again almost 2 months elapsed before the bill became law on September 8. While Congress was deliberating, wholesale prices advanced almost 8 percent and consumer prices were increasing at the rate of almost 1 percent a month.

The overriding considerations of public policy thus require vesting of authority in the President to take action for a limited period of time during which the economy can be protected while Congress deliberates the ultimate course of action.

It is argued, however, that such a standby measure vests too much authority in the President. This argument implies a lack of confidence in the President. We do not believe that the President would misuse this authority but would impose controls only if, in accordance with the intent of Congress, an emergency should arise of such magnitude as to afford no other alternative. But if the President should in fact misuse this authority, the Congress could at any time rescind his action by a concurrent resolution.

A standby law is not inflationary

A further argument presented by those opposed to enactment of a standby measure is that the mere fact of its existence is in itself inflationary. The basis of this contention is that so long as standby authority remains in effect businessmen will keep their prices at the highest possible level so that they will not be caught with an unduly low price structure in the event of a freeze.

This position ignores the realities of the market place and the law of supply and demand as a price determinant. It is true, of course, that a businessman charges as high a price as the market will warrant. But if supply and demand, and competition, necessitates a lower price, the businessman will reduce his price accordingly. This he will do whether a standby measure is in effect or not for otherwise he could not survive.

The force of these considerations was demonstrated only this last year while price controls were still in effect. Businessmen did not hesitate to reduce their selling prices below ceiling when market conditions so required even though legal authority existed for the Office of Price Stabilization to reduce ceilings to the level of the lower selling prices.

The administration's position is equivocal

We cannot but regret the ambiguous and equivocal position taken by this administration on the standby measure. We point out in this connection the testimony of Mr. Arthur S. Flemming who, as already indicated, is both Director of the Office of Defense Mobilization and Economic Stabilization Administrator.

Testifying before this committee Mr. Flemming expressed the hope that the Congress—

will decide that in the event of an emergency situation, it could move rapidly enough in providing authority for a freeze to deal with the problem in an adequate manner.

By "rapidly enough" he stated he meant "10 days." He further testified that if Congress should arrive at a contrary conclusion he—
was authorized to state that a bill containing a provision granting authority to the President to impose a freeze on prices and wages would be acceptable.

But as to whether or not Congress would in fact move rapidly enough in an emergency he would express no opinion whatsoever even after extended interrogation. That, he declared, was a matter for Congress to decide, which, if nothing else, is at least a statement of the obvious. The point is though that Congress in order to make the best decision

possible should have the expert views of the persons who would have executive responsibility for administering proposed legislation.

It is utterly inconceivable that this administration should have no opinion about this matter. We can only conclude that either the administration or Mr. Flemming has a remarkable capacity for indecision. It is earnestly to be hoped that the economic planning for a future emergency which we are told is now taking place is not characterized by the same degree or kind of indecision.

We should add that we are in complete agreement with one phase of Mr. Flemming's testimony, when he stated that—

in World War I, World War II, and the war in Korea we have been forced to learn a great deal about inflation and methods of combating it.

We agree also with his observation that "failure to profit by these experiences would be unpardonable." But we question whether Mr. Flemming or the administration, of which he is a key member, have themselves learned to profit by these experiences. If such were the case, it is doubtful that the administration's testimony would have taken the form it did.

We agree with Mr. Baruch that the time for action is now and that to wait and fiddle is wrong

Our committee, unfortunately, did not have an opportunity to obtain the testimony of Mr. Bernard Baruch so as to acquire firsthand the benefit of his wisdom and abundant experience in problems of economic mobilization and preparedness. Mr. Baruch, however, did testify before the Senate Banking and Currency Committee and recommended in the most emphatic manner the adoption of a standby measure now, so that we could be prepared for a future emergency.

His testimony, we think, should be an admonition to the Congress that a failure to take action now could be tragic. As Mr. Baruch testified:

To wait is to die. To wait is to make certain our mobilization will be needlessly slowed which means lengthening the struggle for victory and dooming some to lose their lives needlessly.

One of two general courses of action is possible. The wise course is to act promptly before the economy is out of hand, to preserve as far as possible the equilibrium that existed prior to the emergency.

This is the sound course of action. The other course is to wait and fiddle until the economy is out of control. Only then do you act. Your whole mobilization then becomes a wild chase of a dog after his own tail. You then have to chase the disruptions caused by the Government's failure to act in time in a frantic effort to recover the equilibrium which should never have been lost.

The choice, in short, is between acting before serious harm is done and waiting until you are deep in trouble before acting. One course locks the stable door promptly. The other deliberately keeps the stable door open until the horse is stolen.

To wait and fiddle is wrong morally as well as economically. When you invoke an across-the-economy ceiling at the outset of the emergency, your mobilization is set up on a sound moral base. Your very first action obviously treats all segments of the economy alike. None can claim that special favoritism is being shown to business or to labor or to agriculture or to any special interest.

In contrast, under the wait-and-fiddle approach, you begin your mobilization by destroying your moral base. In letting the economy get out of hand before acting, you unavoidably permit some groups special advantage over others. Each segment of the economy is given a grievance with which to justify its own inflationary demands.

The overall ceiling, being based upon the economic relationships that prevailed before the emergency, enables you to establish the principle that none shall

profiteer from the emergency. If you allow that balance to be disrupted, you lose the moral ground for enforcing this principle. You are left with no standard but expediency with which to resist the clamorous demands of pressure groups.

In brief, the policy of wait and fiddle has the effect of inviting every group to exploit the national peril for its own selfish advantage.

If the Congress fails to enact an adequate standby mobilization law, whether you realize it or not, you will be putting a premium on selfishness. It is virtually impossible to invoke an overall ceiling properly, unless the power to act is on the statute books and at least the skeleton of the administering agency is in place before the emergency. Without this, the delay that will ensue makes it virtually certain that action will not come until the inflationary race is already underway and your whole mobilization under heavy handicap.

We agree entirely with Mr. Baruch.

BRENT SPENCE.
ALBERT RAINS.
ABRAHAM J. MULTER.
HUGH J. ADDONIZIO. .
ISIDORE DOLLINGER.
RICHARD BOLLING.
WILLIAM A. BARRETT.
BARRATT O'HARA.



S. 1081

[Report No. 516]

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1953

Referred to the Committee on Banking and Currency

JUNE 6, 1953

Reported with an amendment, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To provide authority for temporary economic controls, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Defense Production and
4 Temporary Controls Act of 1953”.

5 ~~SEC. 2.~~ Section 2 of the Defense Production Act of
6 1950, as amended, is amended to read as follows:

7 “DECLARATION OF POLICY

8 “SEC. 2. It is the policy of the United States to oppose
9 acts of aggression and to promote peace by insuring respect
10 for world law and the peaceful settlement of differences
11 among nations. To that end this Government is pledged

1 to support collective action through the United Nations and
2 through regional arrangements for mutual defense in con-
3 formity with the Charter of the United Nations. The United
4 States is determined to develop and maintain whatever
5 military and economic strength is found to be necessary to
6 carry out this purpose.

7 "Defense production requires some diversion of certain
8 materials and facilities from civilian use to military and
9 related purposes. It requires expansion of productive facilities
10 beyond the levels needed to meet the civilian demand.

11 "Moreover, there is the ever-present threat of further
12 Communist aggression which may seriously jeopardize the
13 American economic system unless proper safeguards exist
14 for the imposition of certain economic controls in the event
15 of a grave national emergency. The necessity for such safe-
16 guards is emphasized by the speedily destructive force of
17 modern warfare which allows no delay in the taking of
18 Executive action to insure the preservation of the well-
19 being of the economy. This Act provides a basis for the
20 imposition of price, wage, and rent controls for a temporary
21 period in the event serious economic dislocations develop
22 which threaten the national security or welfare.

23 "It is the sense of the Congress that direct economic

1 controls are incompatible with the American free enterprise
2 system and should be invoked only if an emergency arises
3 serious enough to threaten the economic well-being or se-
4 curity of the United States. However, if such an emergency
5 should develop the President must have the power to employ
6 immediate economic controls for such reasonable period of
7 time as will give Congress an opportunity to act."

8 SEC. 3. Section 101 of the Defense Production Act
9 of 1950, as amended, is amended to read as follows:

10 "SEC. 101. (a) The President is hereby authorized (1)
11 to require that performance under contracts or orders (other
12 than contracts of employment) which he deems necessary
13 or appropriate to promote the national defense shall take
14 priority over performance under any other contract or
15 order, and, for the purpose of assuring such priority, to
16 require acceptance and performance of such contracts or
17 orders in preference to other contracts or orders by any
18 person he finds to be capable of their performance, and (2)
19 to allocate materials and facilities in such manner, upon such
20 conditions, and to such extent as he shall deem necessary
21 or appropriate to promote the national defense.

22 "(b) The powers granted in this section shall not be
23 used to control the general distribution of any material in the

1 civilian market unless the President finds ~~(1)~~ that such
2 material is a scarce and critical material essential to the na-
3 tional defense, and ~~(2)~~ that the requirements of the national
4 defense for such material cannot otherwise be met without
5 creating a significant dislocation of the normal distribution
6 of such material in the civilian market to such a degree as
7 to create appreciable hardship.”

8 SEC. 4. Subsection ~~(a)~~ of section 301 of the Defense
9 Production Act of 1950, as amended, is amended by striking
10 out “, or in connection with or in contemplation of the
11 termination,” and by inserting before the period at the end
12 thereof a comma and the following: “or for the purpose of
13 financing any contractor, subcontractor, or other person in
14 connection with or in contemplation of the termination, in the
15 interest of the United States, of any contract made for the
16 national defense; but no small-business concern (as defined
17 in section 714 ~~(a)~~ ~~(1)~~ of this Act) shall be held ineligible
18 for the issuance of such a guaranty by reason of alternative
19 sources of supply”.

20 SEC. 5. Subsection ~~(b)~~ of section 303 of the Defense
21 Production Act of 1950, as amended, is amended by strik-
22 ing out “1962” and inserting in lieu thereof “1963”.

23 SEC. 6. Section 303 of the Defense Production Act of

1 1950, as amended, is amended by adding at the end thereof a
2 new subsection as follows:

3 “(f) Notwithstanding any other provision of law to the
4 contrary, metals, minerals, and materials acquired pursuant
5 to the provisions of this section which, in the judgment of the
6 President, are excess to the needs of programs under this Act,
7 shall be transferred to the national stockpile established pur-
8 suant to the Act of June 7, 1939, as amended (50 U. S. C.
9 98-98h), when the President deems such action to be in the
10 public interest.

11 “Transfers made pursuant to this subsection shall be made
12 without charge against or reimbursement from funds avail-
13 able under such Act of June 7, 1939, as amended, except
14 that costs incident to such transfer other than acquisition costs
15 shall be paid or reimbursed from such funds, and the acqui-
16 sition costs of such metals, minerals, and materials transferred
17 shall be deemed to be net losses incurred by the transferring
18 agency and the notes payable issued to the Secretary of the
19 Treasury representing the amounts thereof shall be canceled.
20 Upon the cancellation of any such notes the aggregate
21 amount of borrowing which may be outstanding at any one
22 time under section 304 (b) of this Act, as amended, shall
23 be reduced in an amount equal to the amount of any notes
24 so cancelled.”

1 SEC. 7. Title VI of the Defense Production Act of
2 1950, as amended, is amended to read as follows:

3 “TITLE VI—CONTROL OF CONSUMER AND
4 REAL ESTATE CREDIT

5 “THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER
6 CREDIT AND REAL ESTATE CONSTRUCTION CREDIT
7 ONLY

8 “SEC. 601. To assist in carrying out the objectives of
9 this Act, the Board of Governors of the Federal Reserve
10 System is authorized, notwithstanding the provisions of
11 Public Law 386, Eightieth Congress (61 Stat. 921), to
12 exercise consumer credit controls in accordance with and
13 to carry out the provisions of Executive Order Numbered
14 8843 (August 9, 1941).

15 “SEC. 602. (a) To assist in carrying out the purposes
16 of this Act, the President is authorized from time to time to
17 prescribe regulations with respect to such kind or kinds of
18 real estate construction credit which thereafter may be ex-
19 tended as, in his judgment, it is necessary to regulate in
20 order to prevent or reduce excessive or untimely use of or
21 fluctuations in such credit. Such regulations may, among
22 other things, prescribe maximum loan or credit values, mini-
23 mum down payments in cash or property, trade-in or ex-
24 change values, maximum maturities, maximum amounts of
25 credit, rules regarding the amount, form, and time of various

1 payments, rules against any credit in specified circumstances,
2 rules regarding consolidations, renewals, revisions, transfers,
3 or assignments of credit, and rules regarding other similar or
4 related matters. Such regulations may classify persons and
5 transactions and may apply different requirements thereto,
6 and may include such administrative provisions as in the
7 judgment of the President are reasonably necessary in order
8 to effectuate the purposes of this section or to prevent evasions
9 thereof.

10 "In prescribing and suspending such regulations, includ-
11 ing changes from time to time to take account of changing
12 conditions, the President shall consider, among other factors,
13 ~~(1)~~ the level and trend of real estate construction credit and
14 the various kinds thereof, ~~(2)~~ the effect of the use of such
15 credit upon ~~(i)~~ purchasing power and ~~(ii)~~ demand for real
16 property and improvements thereon and for other goods and
17 services, ~~(3)~~ the need in the national economy for the main-
18 tenance of sound credit conditions, and ~~(4)~~ the needs for
19 increased defense production.

20 "~~(b)~~ No person shall extend or maintain any real
21 estate construction credit, or renew, revise, consolidate, re-
22 finance, purchase, sell, discount, or lend or borrow on, any
23 obligation arising out of any such credit, or arrange for any
24 of the foregoing, in contravention of any regulation prescribed
25 by the President pursuant to this section. Any person who

1 extends or maintains any such credit, or renews, revises, con-
2 solidates, refinances, purchases, sells, discounts, or lends or
3 borrows on, any obligation arising out of any such credit,
4 or arranges for any of the foregoing, shall make, keep, and
5 preserve for such periods, such accounts, correspondence,
6 memoranda, papers, books, and other records, and make such
7 reports, under oath or otherwise, as the President may by
8 regulation require as necessary or appropriate in order to
9 effectuate the purposes of this section; and such accounts,
10 correspondence, memoranda, papers, books, and other records
11 shall be subject at any time to such reasonable periodic,
12 special, or other examinations by examiners or other repre-
13 sentatives of the President as the President may deem neces-
14 sary or appropriate. The requirements of this section apply
15 whether a person is acting as principal, agent, broker, vendor,
16 or otherwise.

17 “(c) To assist in carrying out the purposes of this sec-
18 tion, the President by regulation may require transactions
19 or persons or classes thereof subject to this section to be
20 registered; and, after notice and opportunity for hearing, the
21 President by order may suspend any such registration for
22 violation of this section or any regulation prescribed by the
23 President pursuant to this section. The provisions of section
24 25 of the Securities Exchange Act of 1934, as amended,
25 shall apply in the case of any such order of the President in

1 the same manner that such provisions apply in the case of
2 orders of the Securities and Exchange Commission under
3 that Act. In carrying out this section, the President may
4 act through and may utilize the services of the Board of
5 Governors of the Federal Reserve System, the Federal Re-
6 serve banks, and any other agencies, Federal or State, which
7 are available and appropriate.

8 (d) For the purposes of this section, unless the context
9 otherwise requires, the following terms shall have the follow-
10 ing meanings, but the President may in his regulations fur-
11 ther define such terms and, in addition, may define tech-
12 nical, trade, accounting, and other terms, insofar as any such
13 definitions are not inconsistent with the provisions of this
14 section:

15 “(1) ‘Real estate construction credit’ means any credit
16 which (i) is wholly or partly secured by, (ii) is for the
17 purpose of purchasing or carrying, (iii) is for the purpose
18 of financing, or (iv) involves a right to acquire or use, new
19 construction on real property or real property on which there
20 is new construction. As used in this paragraph the term
21 ‘new construction’ means any structure, or any major addi-
22 tion or major improvement to a structure, which has not been
23 begun before the effective date of any regulation issued under
24 subsection (a) of this section after the date of enactment of

1 the Defense Production and Temporary Controls Act of
2 1953. As used in this paragraph the term 'real property'
3 includes leasehold and other interests therein. Notwith-
4 standing the foregoing provisions of this paragraph, the term
5 'real estate construction credit' shall not include any loan or
6 loans made, insured, or guaranteed by any department, in-
7 dependent establishment, or agency in the executive branch
8 of the United States Government, or by any wholly owned
9 Government corporation, or by any mixed ownership Gov-
10 ernment corporation as defined in the Government Cor-
11 poration Control Act, as amended.

12 “(2) ‘Credit’ means any loan, mortgage, deed of trust,
13 advance, or discount; any conditional sale contract; any con-
14 tract to sell, or sale or contract of sale of, property or services,
15 either for present or future delivery, under which part or all
16 of the price is payable subsequent to the making of such sale
17 or contract; any rental-purchase contract, or any contract for
18 the bailment, leasing, or other use of property under which
19 the bailee, lessee, or user has the option of becoming the owner
20 thereof, obligates himself to pay as compensation a sum sub-
21 stantially equivalent to or in excess of the value thereof, or has
22 the right to have all or part of the payments required by such
23 contract applied to the purchase price of such property or
24 similar property; any option, demand, lien, pledge, or similar
25 claim against, or for the delivery of property or money; any

1 purchase, discount, or other acquisition of, or any credit
2 under the security of, any obligation or claim arising out of
3 any of the foregoing; and any transaction or series of trans-
4 actions having a similar purpose or effect.

5 "SEC. 603. Any person who willfully violates any pro-
6 vision of section 601, 602, or 605, or any regulation or
7 order issued thereunder, upon conviction thereof, shall be
8 fined not more than \$5,000 or imprisoned not more than one
9 year, or both.

10 "SEC. 604. All the present provisions of sections 21 and
11 27 of the Securities Exchange Act of 1934, as amended
12 (relating to investigations, injunctions, jurisdictions, and
13 other matters), shall be as fully applicable with respect to the
14 exercise by the Board of Governors of the Federal Reserve
15 System of credit controls under section 601 as they are now
16 applicable with respect to the exercise by the Securities and
17 Exchange Commission of its functions under that Act, and
18 the Board shall have the same powers in the exercise of such
19 credit controls as the Commission now has under the said
20 sections 21 and 27.

21 "SEC. 605. To assist in carrying out the objectives of
22 this Act the President may at any time or times, notwith-
23 standing any other provision of law, reduce, for such period
24 as he shall specify, the maximum authorized principal
25 amounts, ratios of loan to value or cost, or maximum ma-

1 curities of any type or types of loans on real estate which
2 thereafter may be made, insured, or guaranteed by any de-
3 partment, independent establishment, or agency in the exee-
4 utive branch of the United States Government, or by any
5 wholly owned Government corporation or by any mixed-
6 ownership Government corporation as defined in the Gov-
7 ernment Corporation Control Act, as amended, or reduce
8 or suspend any such authorized loan program, upon a determi-
9 nation, after taking into consideration the effect thereof upon
10 conditions in the building industry and upon the national
11 economy and the needs for increased defense production, that
12 such action is necessary in the public interest: *Provided,*
13 That in the exercise of these powers, the President shall pre-
14 serve the relative credit preferences accorded to veterans
15 under existing law. Subject to the provision of this section
16 with respect to preserving the relative credit preferences
17 accorded to veterans under existing law, the President may
18 require lenders or borrowers and their successors and as-
19 signs to comply with reasonable conditions and requirements,
20 in addition to those provided by other law, in connection
21 with any loan of a type which has been the subject of action
22 by the President under this section. Such conditions and
23 requirements may vary for classifications of persons or
24 transactions as the President may prescribe, and failure to
25 comply therewith shall constitute a violation of this section.

1 “SEC. 606. No authority under this title shall be initially
2 invoked with respect to either consumer credit controls or
3 real estate construction credit controls unless and until the
4 President has established ceilings on prices, wages, and rents
5 pursuant to the authority contained in section 801 of this
6 Act; and all authority under this title shall cease to be in
7 effect upon the termination of such ceilings.”

8 SEC. 8. Subsection (c) of section 701 of the Defense
9 Production Act of 1950, as amended, is amended to read as
10 follows:

11 “(c) Whenever the President invokes the powers given
12 him in this Act to allocate any material in the civilian
13 market, he shall do so in such a manner as to make available,
14 so far as practicable, for business and various segments
15 thereof in the normal channel of distribution of such mate-
16 rial, a fair share of the available civilian supply based, so
17 far as practicable, on the share received by such business
18 under normal conditions during a representative period fol-
19 lowing June 30, 1953, and having due regard to periodic
20 changes in the current competitive position of established
21 business: *Provided*, That the limitations and restrictions im-
22 posed on the production of specific items shall not exclude
23 new concerns and newly acquired operations from a fair and
24 reasonable share of total authorized production, and shall

1 give due consideration to the needs of new concerns and
2 newly acquired operations: *Provided further*, That if the
3 President continues or reimposes allocation controls after
4 June 30, 1953, in the civilian market of any materials
5 subject to such controls on July 1, 1953, he shall do so in
6 the manner above provided but on the basis of the share
7 received by such business during a representative period
8 preceeding June 24, 1950, adjusted to reflect, since such date,
9 attained competitive position, the requirements of new con-
10 cerns and newly acquired operations."

11 SEC. 9. Section 702 (d) of the Defense Production
12 Act of 1950, as amended, is amended to read as follows:

13 "(d) The term 'national defense' means programs for
14 military and atomic energy production or construction, mili-
15 tary assistance to any foreign nation and stockpiling and
16 directly related activity."

17 SEC. 10. (a) The fourth sentence of paragraph (1)
18 of subsection (a) of section 714 of the Defense Production
19 Act of 1950, as amended, is amended to read as follows:

20 "For the purposes of this section, a small-business concern
21 shall be deemed to be one which is independently owned and
22 operated and which is not dominant in its field of operation,
23 including producers of strategic and critical minerals and
24 metals."

25 (b) Paragraph (4) of subsection (a) of section 714

1 of the Defense Production Act of 1950, as amended, is
2 amended by striking out "June 30, 1953" and inserting in
3 lieu thereof "June 30, 1955".

4 SEC. 11. Paragraph (3) of subsection (f) of section
5 714 of the Defense Production Act of 1950, as amended, is
6 amended by inserting after the word "allocated" the first
7 time it appears therein the words "in the civilian market".

8 SEC. 12. Paragraph (4) of subsection (f) of section
9 714 of the Defense Production Act of 1950, as amended,
10 is repealed.

11 SEC. 13. Subsection (a) of section 717 of the Defense
12 Production Act of 1950, as amended, is amended to read
13 as follows:

14 "(a) (1) Title I (except section 104), and titles III,
15 VI, VII and VIII of this Act, and all authority conferred
16 thereunder, shall terminate at the close of June 30, 1955,
17 or at the expiration of ninety days after the issuance on or
18 before that date of an Executive order establishing ceilings
19 under the provisions of section 801 (a) of this Act, which-
20 ever is later.

21 "(2) Section 104 of title I and title II of this Act, and
22 all authority conferred thereunder, shall terminate at the
23 close of June 30, 1953; and titles IV and V of this Act, and
24 all authority conferred thereunder, shall terminate at the close
25 of April 30, 1953."

1 SEC. 14. Subsection (c) of section 717 of the Defense
2 Production Act of 1950, as amended, is amended by adding
3 before the period at the end thereof a comma and the follow-
4 ing: "or the taking of any action (including the making of
5 new guarantees) deemed by a guaranteeing agency to be
6 necessary to accomplish the orderly liquidation, adjustment
7 or settlement of any loans guaranteed under this Act, in-
8 cluding actions deemed necessary to avoid undue hardship
9 to borrowers in reconverting to normal civilian production;
10 and all of the authority granted to the President, guarantee-
11 ing agencies, and fiscal agents, under section 301 of this
12 Act shall be applicable to actions taken pursuant to the
13 authority contained in this subsection".

14 SEC. 16. The Defense Production Act of 1950, as
15 amended, is amended by adding at the end thereof the fol-
16 lowing new title:

17 "TITLE VIII—TEMPORARY EMERGENCY PRICE,
18 WAGE, AND RENT CEILINGS

19 "SEC. 801. (a) The President is authorized and di-
20 rected, whenever the United States has declared war against
21 a foreign nation, or whenever the Congress, by concurrent
22 resolution, shall find and declare that a grave national emer-
23 gency exists and that the exercise of such authority is neces-
24 sary in the interest of national security and economic sta-
25 bility, to establish simultaneously by Executive order ceil-

ings on ~~(1)~~ the price, rental, commission, margin, rate, fee,
charge, or allowance paid or received on the sale or delivery,
or the purchase or receipt, by or to any person, of materials
and services, ~~(2)~~ wages, salaries, and other compensation
paid or received with respect to employment, and ~~(3)~~ rents
paid or received for the use or occupancy of housing accom-
modations, at those prevailing as of the close of business
on the business day next preceeding the day on which
the action is taken, or those prevailing on the nearest date
during the preceeding thirty days on which, in the judgment
of the President, they are generally representative, or if none
prevailed during such thirty-day period, then those prevail-
ing on the nearest date on which, in the judgment of the
President, they are generally representative. Notwithstand-
ing the foregoing, ~~(A)~~ the ceiling level for any agricultural
commodity shall be the higher of ~~(i)~~ the level specified
in the foregoing provision, or ~~(ii)~~ the parity price for
the commodity determined and adjusted for grade, location,
and seasonal differentials by the Secretary of Agriculture,
and ~~(B)~~ the ceiling level for any commodity processed or
manufactured in whole or substantial part from any agri-
cultural commodity shall be the higher of ~~(i)~~ the level
specified in the foregoing provision, or ~~(ii)~~ such level as
will reflect to producers of such agricultural commodity a
price for such agricultural commodity equal to the ceiling

1 level specified therefor in this sentence. All ceilings estab-
2 lished under this title shall terminate ninety days after the
3 issuance of such order, or at such earlier time as Congress
4 may by law or concurrent resolution provide, and the au-
5 thority conferred by this title to establish ceilings shall not
6 thereafter be exercised.

7 “(b) The authority conferred by this title shall not be
8 exercised with respect to the following: prices, or rentals
9 for materials furnished for publication by any press associa-
10 tion or feature service, or books, magazines, motion pictures,
11 periodicals or newspapers, other than as waste or scrap; or
12 rates charged by any person in the business of operating or
13 publishing a newspaper, periodical or magazine, or operating
14 a radio-broadcasting or television station, a motion picture or
15 other theater enterprise, or outdoor advertising facilities.

16 “SEC. 802. The President may make such rules, regu-
17 lations, and orders as he deems necessary and appropriate
18 to carry out the provisions of this title. Whenever in the
19 judgment of the President such action is necessary or proper
20 in order to effectuate the purposes of this title, he may, by
21 regulation or order, regulate or prohibit speculative or
22 manipulative practices or renting or leasing practices (in-
23 cluding practices relating to the recovery of possession) in
24 connection with any housing accommodations, which in his

1 judgment are equivalent to or are likely to result in rent
2 increases inconsistent with the purposes of this title.

3 “SEC. 803. (a) Regardless of any obligation heretofore
4 or hereafter entered into, it shall be unlawful—

5 “(1) for any person to sell or deliver, or in the
6 regular course of business or trade to buy or receive,
7 any material or service, or to demand, accept, receive,
8 or retain any rent for the use or occupancy of any
9 housing accommodations, or otherwise to do or omit
10 to do any act, in violation of this title or any regulation,
11 order, or requirement issued thereunder, or to offer,
12 solicit, attempt, or agree to do any of the foregoing; or

13 “(2) for any employer to pay, or any employee
14 to receive, any wage, salary, or other compensation in
15 contravention of any regulation or order promulgated
16 by the President under this title.

17 The President shall prescribe the extent to which any pay-
18 ment (including any wage, salary, or compensation pay-
19 ment), either in money or property, made in contravention
20 of any such regulation, order, or requirement shall be disre-
21 garded by the executive departments and other governmental
22 agencies in determining the costs or expenses of any person
23 for the purposes of any other law or regulation, including
24 bases in determining gain for tax purposes.

1 “(b) Any person who willfully violates any provision
2 of this section shall, upon conviction thereof, be subject to a
3 fine of not more than \$10,000 or to imprisonment for not
4 more than one year, or both.

5 “SEC. 804. Nothing in this title shall be construed to
6 require any person to sell any material or service, or to
7 offer any housing accommodations for rent, or to perform
8 personal services.

9 “SEC. 805. As used in this title—

10 “(a) The term ‘rent’ means the consideration, includ-
11 ing any bonus, benefit, or gratuity, demanded or received
12 for or in connection with the use or occupancy of housing
13 accommodations, or the transfer of a lease of housing accom-
14 modations.

15 “(b) The term ‘housing accommodations’ means any
16 building, structure or part thereof, or land appurtenant
17 thereto, or any other real or personal property rented or
18 offered for rent for living or dwelling purposes (including
19 houses, apartments, rooming or boarding house accommoda-
20 tions, and other properties used for living or dwelling pur-
21 poses) together with all privileges, services, furnishings,
22 furniture, and facilities connected with the use or occupancy
23 of such property.

1 ~~“SEC. 806. This title shall become effective on May 1,~~
2 ~~1953.”~~

3 *That this Act may be cited as the “Defense Production and*
4 *Temporary Controls Act of 1953”.*

5 *SEC. 2. Section 2 of the Defense Production Act of 1950,*
6 *as amended, is amended to read as follows:*

7 ~~“DECLARATION OF POLICY~~

8 ~~“SEC. 2. In view of the present international situation~~
9 ~~and in order to provide for the national defense and national~~
10 ~~security our mobilization effort continues to require some di-~~
11 ~~version of certain materials and facilities from civilian use~~
12 ~~to military and related purposes. It also requires expansion~~
13 ~~of productive facilities beyond the levels needed to meet the~~
14 ~~civilian demand.”~~

15 *SEC. 3. Section 101 of the Defense Production Act*
16 *of 1950, as amended, is amended to read as follows:*

17 ~~“SEC. 101. (a) The President is hereby authorized (1)~~
18 ~~to require that performance under contracts or orders (other~~
19 ~~than contracts of employment) which he deems necessary~~
20 ~~or appropriate to promote the national defense shall take~~
21 ~~priority over performance under any other contract or~~
22 ~~order, and, for the purpose of assuring such priority, to~~
23 ~~require acceptance and performance of such contracts or~~

1 orders in preference to other contracts or orders by any
2 person he finds to be capable of their performance, and (2)
3 to allocate materials and facilities in such manner, upon such
4 conditions, and to such extent as he shall deem necessary
5 or appropriate to promote the national defense.

6 “(b) The powers granted in this section shall not be
7 used to control the general distribution of any material in the
8 civilian market unless the President finds (1) that such
9 material is a scarce and critical material essential to the na-
10 tional defense, and (2) that the requirements of the national
11 defense for such material cannot otherwise be met without
12 creating a significant dislocation of the normal distribution
13 of such material in the civilian market to such a degree as
14 to create appreciable hardship.”

15 SEC. 4. Subsection (a) of section 301 of the Defense
16 Production Act of 1950, as amended, is amended by striking
17 out “, or in connection with or in contemplation of the
18 termination,” and by inserting before the period at the end
19 thereof a comma and the following: “or for the purpose of
20 financing any contractor, subcontractor, or other person in
21 connection with or in contemplation of the termination, in the
22 interest of the United States, of any contract made for the
23 national defense; but no small-business concern (as defined
24 in section 3 of the Small Business Act of 1953) shall be held

1 *ineligible for the issuance of such a guaranty by reason of*
2 *alternative sources of supply”.*

3 *SEC. 5. Subsection (b) of section 303 of the Defense*
4 *Production Act of 1950, as amended, is amended by strik-*
5 *ing out “1962” and inserting in lieu thereof “1963”.*

6 *SEC. 6. Section 303 of the Defense Production Act of*
7 *1950, as amended, is amended by adding at the end thereof a*
8 *new subsection as follows:*

9 *“(f) Notwithstanding any other provision of law to the*
10 *contrary, metals, minerals, and materials acquired pursuant*
11 *to the provisions of this section which, in the judgment of the*
12 *President, are excess to the needs of programs under this Act,*
13 *shall be transferred to the national stockpile established pur-*
14 *suant to the Act of June 7, 1939, as amended (50 U. S. C.*
15 *98-98h), when the President deems such action to be in the*
16 *public interest.*

17 *Transfers made pursuant to this subsection shall be made*
18 *without charge against or reimbursement from funds avail-*
19 *able under such Act of June 7, 1939, as amended, except*
20 *that costs incident to such transfer other than acquisition costs*
21 *shall be paid or reimbursed from such funds, and the acquisi-*
22 *tion costs of such metals, minerals, and materials transferred*
23 *shall be deemed to be net losses incurred by the transferring*
24 *agency and the notes payable issued to the Secretary of the*

1 *Treasury representing the amounts thereof shall be canceled.*
2 *Upon the cancellation of any such notes the aggregate*
3 *amount of borrowing which may be outstanding at any one*
4 *time under section 304 (b) of this Act, as amended, shall*
5 *be reduced in an amount equal to the amount of any notes*
6 *so cancelled."*

7 *SEC. 7. Subsection (c) of section 701 of the Defense*
8 *Production Act of 1950, as amended, is amended to read as*
9 *follows:*

10 *"(c) Whenever the President invokes the powers given*
11 *him in this Act to allocate any material in the civilian market,*
12 *he shall do so in such a manner as to make available,*
13 *so far as practicable, for business and various segments*
14 *thereof in the normal channel of distribution of such mate-*
15 *rial, a fair share of the available civilian supply based, so*
16 *far as practicable, on the share received by such business*
17 *under normal conditions during a representative period fol-*
18 *lowing June 30, 1953, and having due regard to periodic*
19 *changes in the current competitive position of established*
20 *business: Provided, That the limitations and restrictions im-*
21 *posed on the production of specific items shall not exclude*
22 *new concerns and newly acquired operations from a fair and*
23 *reasonable share of total authorized production, and shall*
24 *give due consideration to the needs of new concerns and*
25 *newly acquired operations: Provided further, That if the*

1 *President continues or reimposes allocation controls after*
2 *June 30, 1953, in the civilian market of any materials*
3 *subject to such controls on July 1, 1953, he shall do so in*
4 *the manner above provided but on the basis of the share*
5 *received by such business during a representative period*
6 *preceding June 24, 1950, adjusted to reflect, since such date,*
7 *attained competitive position, the requirements of new con-*
8 *cerns and newly acquired operations."*

9 *SEC. 8. Subsection (a) of section 717 of the Defense*
10 *Production Act of 1950, as amended, is amended to read*
11 *as follows:*

12 *"(a) Titles I, III, and VII (except section 714) of*
13 *this Act, and all authority conferred thereunder, shall ter-*
14 *minate at the close of June 30, 1954. Title II, title VI, and*
15 *section 714 of this Act, and all authority conferred there-*
16 *under, shall terminate at the close of June 30, 1953. Titles*
17 *IV and V of this Act, and all authority conferred there-*
18 *under, shall terminate at the close of April 30, 1953."*

19 *SEC. 9. Subsection (c) of section 717 of the Defense*
20 *Production Act of 1950, as amended, is amended by adding*
21 *before the period at the end thereof a comma and the follow-*
22 *ing: "or the taking of any action (including the making of*
23 *new guarantees) deemed by a guaranteeing agency to be*
24 *necessary to accomplish the orderly liquidation, adjustment*
25 *or settlement of any loans guaranteed under this Act, in-*

1 *cluding actions deemed necessary to avoid undue hardship*
2 *to borrowers in reconverting to normal civilian production;*
3 *and all of the authority granted to the President, guarantee-*
4 *ing agencies, and fiscal agents, under section 301 of this*
5 *Act shall be applicable to actions taken pursuant to the*
6 *authority contained in this subsection''.*

Passed the Senate May 19 (legislative day, May 15),
1953.

Attest:

J. MARK TRICE,

Secretary.

83d CONGRESS
1st Session

S. 1081

[Report No. 516]

AN ACT

To provide authority for temporary economic controls, and for other purposes.

MAY 20, 1953

Referred to the Committee on Banking and Currency

JUNE 6, 1953

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 10, 1953
For actions of June 9, 1953
83rd-1st, No. 105

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HIGHLIGHTS: House passed economic controls bill, including amendment to omit Section 104. House agreed to conference report on 3rd supplemental appropriation bill. House committee reported trade agreements extension bill and bill defining forest mining-claim rights. House Rules Committee cleared wheat marketing quota bill.

HOUSE

1. ECONOMIC CONTROLS. Passed with amendments S. 1081, to authorize temporary economic controls, after adopting a committee substitute amendment that supplied new text for the Senate-passed bill (pp. 6438-83). This bill now provides for a 1-year extension of the allocation and priorities provisions of title I and the production expansion and procurement provisions of title III of the Defense Production Act of 1950. No authority is included for the 90-day standby wage, price, and rent freeze.

The committee amendment also included a 1-year extension of Sec. 104, restricting imports of certain agricultural commodities. Agreed, 123-95, to an Andresen amendment to permit expiration on June 30, 1953, of this section. In offering his amendment Rep. Andresen stated that section 104 was "not necessary considering the proclamation of the President, based upon section 22, which limited the imports of dairy products, on peanuts, peanut oil, flaxseed, and linseed oil." (pp. 6470-75). Reps. Andresen, Multer, Wolcott and others discussed the effects of Sec. 104 and Sec. 22 of the Agricultural Adjustment Act (pp. 6463-75).

Agreed to a Wolcott amendment providing for the insertion of the text of H.R. 5141 (Small Business Admin.) as passed by the House on June 5 (pp. 6475-8).

Rejected, 65-113, a Spence amendment restoring title VIII of the Senate bill providing for temporary price, wage, and rent ceilings (pp. 6478-83).

Agreed to, 46-45, an Oakman amendment to restrict the scope of the term "national defense" in connection with the bill (pp. 6462-3).

2. APPROPRIATIONS. Adopted the conference report on H.R. 4664, third supplemental appropriation bill for 1953. Rep. Andersen previously urged that the full

\$15 million for REA be included in the conference report instead of \$7,500,000 agreed to by conferees. (p. 6437.)

3. FOREIGN TRADE. The Ways and Means Committee reported without amendment H.R. 5495, to extend for 1 year, without change, the President's authority to enter into reciprocal trade agreements and establish a Commission on Foreign Economic Policy (H. Rept. 521) (pp. 6486-87).
4. MINERALS. The Interior and Insular Affairs Committee reported with amendment H.R. 4983, to define the surface rights vested in the locator of a mining claim on public lands hereafter made under U.S. mining laws, prior to issuance of patent (H. Rept. 522) (p. 6487).
Received a Nebraska Legislature memorial urging enactment of a law "giving the mineral rights back to the States" (p. 6487).
5. WHEAT MARKETING QUOTA. The Rules Committee reported a resolution for the consideration of H.R. 5451, to amend the wheat marketing quota provisions of the Agricultural Adjustment Act of 1938 (p. 6487).
6. TRANSPORTATION. The Rules Committee reported a resolution for the consideration of H.R. 3203, to prohibit the ICC from regulating the duration of certain leases for the use of equipment by motor carriers, and the amount of compensation to be paid for such use (p. 6487).
7. WAR POWERS. The Judiciary Subcommittee approved for reporting to the full committee H.R. 2557, extending title 2 of the First War Powers Act (contract authority of the President) through June 30, 1954 (p. D530).
8. AIR POLLUTION. Received a California Legislature memorial on H.R. 2720, providing for rapid amortization of air pollution control facilities constructed by private industry (p. 6487).
9. TVA. Extension of remarks by Rep. Rains defending the record of TVA, outlining four tests of efficiency and good management, and claiming it has "a record of efficiency and operation unequalled in the annals of any Government agency" (pp. 6484-5).

SENATE

10. APPROPRIATIONS. An Appropriations subcommittee ordered reported to the full committee with amendments H.R. 4828, the Interior appropriation bill for 1954 (p. D527).
11. PERSONNEL. The Post Office and Civil Service Committee ordered reported (but did not actually report) with amendments, S. 1684, to facilitate civil-service appointment of persons who lost this opportunity due to service in Armed Forces after June 30, 1950 (p. D527).
The Banking and Currency Committee ordered reported (but did not actually report) without amendment S. 1458, to continue the effectiveness of employee war-risk hazard and detention benefits, until July 1, 1954 (this bill was approved pending receipt of additional information) (p. D527).
12. HOUSING. The Banking and Currency Committee ordered reported (but did not actually report) with amendments S. 1993, to amend the National Housing Act and the Servicemen's Readjustment Act of 1944 with respect to maximum interest rates (p. D527).

Wherever he went he carried his own pack; and in the uttermost parts of the earth he kept his conscience for his guide.

We all look forward to Sunday, June 14, when Nassau County will again welcome the President of the United States, who will journey to Oyster Bay, N. Y., and dedicate Sagamore Hill as a national shrine, thus memorializing for all time the great Theodore Roosevelt.

THIRD SUPPLEMENTAL APPROPRIATION BILL 1953

Mr. TABER. Mr. Speaker, I call up the conference report on the bill (H. R. 4664) making supplemental appropriations for the year ending June 30, 1953, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 8, 1953.)

Mr. TABER. Mr. Speaker, the bill as it passed the House carried \$5,000,000; as it passed the Senate it was for \$5,441,875; and the conference agreement is \$5,441,875 plus an item of \$7,500,000 for rural telephone line authorization.

There are a number of amendments in technical disagreement and on all of those which we will recommend recession I shall ask be considered en bloc.

I now yield to the gentleman from Minnesota.

(Mr. H. CARL ANDERSEN asked and was given permission to revise and extend his remarks.)

Mr. H. CARL ANDERSEN. Mr. Speaker, I regret that our conferees did not concur with the Senate and retain the \$15 million in rural telephone loans. Last January I urged the Department of Agriculture to request \$25 million additional loan authorizations as there were many instances of need for loan funds with none available for allocation. Today we are forced to settle for scarcely one-third of that amount. In my opinion this action is being pennywise and pound foolish. The Congress expressed itself almost unanimously that farms in America, together with thousands of small communities, were entitled to better telephone service. Why should we now, by being too tight with loan funds, delay the completion of the rural telephone program.

Last year for the fiscal year 1953, the REA requested a total of \$50 million in loan authorizations for the rural telephone program. The committee and Congress approved \$35 million with the understanding that additional funds would be provided if the demand for such loans made it necessary.

According to information furnished the committee, REA has been unable to approve any new telephone loan applications for the past several months due to lack of funds. A statement received a few days ago from the budget officer of REA indicates that there are about \$106

million in telephone loan applications on hand, of which in excess of \$45 million are under active consideration.

The supplemental request of \$15 million included in the Senate bill would have covered the most urgent of these cases which must be approved prior to June 30 to enable borrowers to exercise options to acquire properties under prior agreement or to enable borrowers to meet deadlines imposed upon them by State regulatory bodies. Accordingly to my information, there are some 40 such cases pending.

In my opinion, the full \$15 million should be included in this conference report instead of the \$7,500,000 finally agreed to by the House conferees. The Senate has included an additional \$17,500,000 for this purpose in the regular 1954 appropriation bill just reported to the Senate. I hope we can retain these additional amounts when the regular bill is considered in conference. Let us remember that these are loan funds, repayable in full with interest. We can afford to be liberal with such loan funds since the repayment record of the mother organization, REA, has been so splendid that little doubt can be had as to the future of the rural telephone program. This is an investment in making farm life more attractive. Telephones today are not a luxury; on farms, especially, they are necessities.

Mr. TABER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

Mr. TABER. Mr. Speaker, I ask unanimous consent to consider en bloc the following Senate amendments which are in technical disagreement, and on which the House managers intend to offer a motion to recede and concur: Nos. 1, 6, 7, 10, 12, 13, 15, and 20.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. The Clerk will report the indicated amendments in disagreement.

The Clerk read as follows:

And the limitation of \$27,000 for payment of terminal leave only, in the appropriation of \$125,000 for necessary expenses for "Office of Administrator of Rent Control," contained in the Supplemental Appropriation Act, 1953, is reduced to \$5,850.

Folding documents: The appropriation for folding documents contained in the Legislative Branch Appropriation Act, 1953, is hereby amended to read "For folding speeches and pamphlets at a gross rate not exceeding \$2 per thousand or for the employment of personnel at a gross rate not exceeding \$1.53 per hour per person."

Motor vehicles: For an additional amount for maintaining, exchanging, and equipping motor vehicles for carrying the mails and for official use of the offices of the Secretary and Sergeant at Arms, \$9,331.26, to be derived by transfer from the appropriation for "Folding Documents," fiscal year 1953.

HOUSE OF REPRESENTATIVES

For payment to Mabel H. Withers, widow of Garrett L. Withers, late a Representative from the State of Kentucky, \$12,500.

Rotunda frieze, Capitol Building: For cleaning and restoring the sections of the Rotunda frieze decorated in fresco by Constantino Brumidi and Filippo Costaggini,

\$15,000, to be expended by the Architect of the Capitol under the direction of the Joint Committee on the Library for personal and other services and all other necessary incidental items, without regard to section 3709 of the Revised Statutes, as amended, and to remain available until June 30, 1954.

Senate Office Building: For an additional amount for "Senate Office Building," \$9,200, to remain available until June 30, 1954.

CHAPTER III

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Salaries and expenses

For an additional amount for "Salaries and expenses," \$32,000, to be derived by transfer from the appropriation "Promotion and further development of vocational education," fiscal year 1953.

VETERANS' ADMINISTRATION

Servicemen's indemnities

For an additional amount for "Servicemen's indemnities," \$650,000, to be derived by transfer from the appropriation "Compensation and pensions," and to remain available until expended.

Mr. TABER. Mr. Speaker, I move that the House recede and concur in the Senate amendments.

The Clerk read as follows:

Mr. TABER moves that the House recede from its disagreement to the Senate amendments Nos. 1, 6, 7, 10, 12, 13, 15, and 20, and to concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 19: Page 7, line 17, insert:

"ECONOMIC STABILIZATION AGENCY

"Salaries and expenses

"The amount made available under this head in the Supplemental Appropriation Act, 1953, for the Office of Rent Stabilization is hereby increased from '\$11,000,000' to '\$11,385,000': *Provided*, That none of the funds appropriated in this act shall be used for the payment of annual leave unless the Administrator shall personally certify the payments of such annual leave."

Mr. TABER. Mr. Speaker, I move that the House recede and concur in the amendment with an amendment.

The Clerk read as follows:

Mr. TABER moves that the House recede from its disagreement to the amendment of the Senate numbered 19, and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert:

"ECONOMIC STABILIZATION AGENCY

"Salaries and expenses

"The amount made available under this head in the Supplemental Appropriation Act, 1953, for the Office of Rent Stabilization is hereby increased from '\$11,000,000' to '\$11,385,000': *Provided*, That said increase of \$385,000 shall be available only for terminal leave and shall not be used for such payment unless the Administrator shall personally certify the payment of such leave."

The motion was agreed to, and a motion to reconsider the votes by which action was taken on the several motions was laid on the table.

PUBLIC LANDS

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent that the Subcommittee on Public Lands and

Irrigation may meet this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

COMMITTEE ON RULES

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file any reports or resolutions.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

TEMPORARY ECONOMIC CONTROLS

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 271 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, and all points of order against such bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER] and yield myself such time as I may desire.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Kentucky.

Mr. SPENCE. Mr. Speaker, I understood that although the rule waives points of order and that the bill was reported as one amendment, it would not be in order to move to recommit with instructions, but I understood that the Committee on Rules was going to liberalize that. I understood the chairman to say that he had no objection to it. Was that done?

Mr. ALLEN of Illinois. I would say to the gentleman that he is absolutely correct. When the gentleman from Texas [Mr. PATMAN] appeared before the Committee on Rules, I did say that, but I did not realize the importance of a motion to recommit with instructions. I found out later that that would vio-

late the rules of the House, and I do not believe that this is the proper time to do that. I would also say this, that I saw the gentleman from Texas [Mr. PATMAN] soon after that and explained it to him, and the gentleman told me that he was very pleased that I came to him about it. I said, of course, you have the right on the floor to exercise whatever rights you may have, and that we would always protect those rights; that the Republicans always looked after the interests of the Democratic Party, and I also believe that we are protecting those rights now. I think your rights will be protected, and as long as there is not any shortness or anything against you, probably the only thing that is short about it is that you are short of votes, you lack votes. But, you will be given the opportunity later, I will say to the gentleman, and your rights will be protected.

Mr. SPENCE. The gentleman is reasonably apprehensive that we do not have the votes, and I might suggest when the Committee on Rules offers a rule waiving all points of order, that usually waives the right to proceed in accordance with the fundamental provisions of the rules of the House.

Mr. ALLEN of Illinois. I repeat what I said in the beginning, I thought it would be violating the rules of the House, and I do not believe this is the proper time to start any precedent.

Mr. COLMER. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks and include statements and excerpts.)

AN ATTACK ON REPRESENTATIVE GOVERNMENT

Mr. PATMAN. Mr. Speaker, first I appreciate the fact that when the gentleman changed his mind about the rule he got in touch with me, and he tried to get in touch with the former chairman of the committee, the gentleman from Kentucky [Mr. SPENCE], but was unable to do so, to tell him that he just could not go through with what he said about presenting the amendment allowing a motion to recommit with or without instructions. But I do not agree with the gentleman that he could not provide for a motion to recommit without violating the rules of the House. I have always considered that the Committee on Rules was organized for that purpose, to set up special rules notwithstanding the rules of the House, and that being true the Committee on Rules is the place you go to get a special rule. That is the place we went to get a special rule. This involves representative government. This is an attack upon representative government. It not only involves depriving an individual Member of his rights and privileges or the minority of its rights and privileges; this is an attack on representative government genuinely conducted by the people. It is far reaching, and I will tell you how it works.

Last week we had a bill, the Small Business Administration bill, and after we agreed to the bill, the chairman said, "Well, we want a clean bill."

That is all right. There is a difference as to what constitutes a clean bill. Now, the chairman considers a clean bill is to put it all in one and put on an amendment to the bill that was introduced, and that is a clean bill. I do not consider it that way, of course. I am not saying I am right and he is wrong or that he is wrong and I am right; I am just saying I have always considered a clean bill one that was gotten up as the committee endorsed it and then reintroduced by the original author or by the chairman of the committee as a clean bill.

Last week in the Small Business Administration bill the amendment was tied onto it, which made it devastating to those of us who wanted to make a good, workable law out of the Small Business Administration bill. We in the Small Business Committee made it \$500 million capital. The Banking and Currency Committee changed it to \$250 million. We had an unlimited amount as to any one application, leaving it to the definition of what small business is as to those coming within the category, regardless of what would qualify. The committee restricted it to \$100,000.

Normally when bills come on the floor of the House the committee presents the bills and we vote on them. Of course, they would be adopted in the Committee of the Whole as usual. But when the Committee of the Whole makes a report to the whole House, then we can get a separate vote and have a recorded vote, which any Member of this Congress is entitled to have, a separate recorded vote. But the way the bill was fixed up that was impossible. We did not make any objection and I did not complain about that, because the rule said that we would have a right to make a motion to recommit. I made the motion to recommit, but then I found out I was tripped up the second time, that although the rule said, yes, one motion to recommit would be allowed, and I was making it, as I represented the minority, the Speaker had to hold it out of order because just a straight motion to recommit without instructions was allowed. So it deprived us of the right to express ourselves as individual Members of Congress and as a minority in the vital questions in that bill. So we were gagged. We were gagged twice.

Having had that experience, we had another bill reported out. Of course, the committee's doing that once may be accidental or exceptional, and maybe it was best in that case for some reason, I do not know about that and I am not arguing about it. I am not condemning anybody about it. But it actually happened. It gagged us twice.

Let us forget about that, but there is another bill that came out of the same committee and it happened the same way. Instead of offering a clean bill, what I have always considered a clean bill, here is another whole bill with our amendment over at the back. That will deprive Members again of any vote on any amendment that was adopted in the committee. It absolutely gags us again.

Then we went before the Rules Committee, and we asked the Rules Committee to give us a rule that would per-

mit us to offer a regular motion to recommit, such as the minority has always been guaranteed in any representative form of government on earth. We thought we were going to get it, but we did not get it. It is the same kind of rule we had the other day. It says you can, but you cannot. It is one of these rules that says you can, but you cannot.

Here is what happens. On that bill the other day the cost did not amount to too much, because the importance of the bill overshadowed the cost, but on this bill, H. R. 5141, it cost \$244.09 to print it when the bill was introduced. All right. The bill we agreed upon, just the last part of that, it would have cost \$244.09 to have printed it by itself, but instead of doing that they put them both together and it cost \$457.23. Why was that? The first 20 pages are put in there, but lines are run through them. They are cancelled. They serve no purpose in the world except to deprive the minority and the individual Members of the House under the parliamentary procedure that was agreed upon of an opportunity to express their views on the record as they should be allowed under the rules of this House.

On this other bill, which is the one we have up today, we cut out practically everything but 5 pages. Why not introduce a bill with 5 pages? The committee says this is a clean bill. No, first they printed the whole big bill and ran lines through it and cancelled it out, and then put in the 5 pages. If you had offered the clean bill it would have cost \$96, but by reprinting the whole thing and then cancelling it out and then printing the new bill it cost \$352.12. So there is about \$500 you have spent for no purpose or earth, except, if it was not done for that purpose—and I am not charging it was done for that purpose, but I am charging that the result is that the minority Members and every Member of this House is deprived of rights guaranteed to him under the rules and traditions of this House.

The other day the distinguished gentleman from Indiana [Mr. HALLECK] argued in favor of this thing. He said it was all right; it has always been that way. But 2 years ago, when the show was on the other foot, the distinguished gentleman from Indiana, in talking about exactly the same thing, when he felt his side was outraged because they could not make a motion to recommit, he said it was a tragic situation. And he says that apparently no such thing was intended, "the minority has been, by this resolution which we adopted, and which, incidentally, happened to bring about quick action and shut off what I considered to be an inviolate rule of the minority to offer a motion to recommit, with instructions." The gentleman had a right to object to it. Now, if he has that same objection, he ought to join with us in protesting to the Rules Committee, on the next rule that comes up, and say the minority is entitled to have their views on the record.

DICTATORSHIPS FIRST DESTROY THE MINORITY PARTY

May I remind you—I am not charging that we are going into a dictatorship or

a totalitarian government. We are not doing that, I hope. But I would say without any fear of contradiction that the first step that every dictatorship makes in any country on earth in forming a dictatorship is to destroy the minority, and to destroy minority groups. That is the first step that is taken by a dictatorship. Here we are in free America, the great United States of America, in the House of Representatives, operating under a rule that guarantees individual Members the right to put themselves on record, and the Congress on record—here now we are deprived of that opportunity. They are deprived of that right.

I repeat, Mr. Speaker, it is an attack upon representative government. To do it one time is not so bad, but to do it twice looks like a habit or policy. I think the Democrats might just as well wake up and see what they are facing; see that they are facing gag rule, rules fixed in a way that you cannot get expression from the House of Representatives or put your own vote on record.

BILL FOR SMALL BUSINESS GAGGED MEMBERS ON AMENDMENTS

Mr. Speaker, at the risk of repeating I must emphasize that the Small Business Administration bill was on the program to come up last Thursday, June 4, 1953, in the House of Representatives and I want to make plain what happened. It was a very important bill since it was intended to take the place of RFC and the present Small Defense Plants Administration. It was, therefore, necessary, in my opinion, that the new agency should have plenty of power. The bill, H. R. 5141, providing for the Small Business Administration, introduced by the gentleman from Colorado [Mr. HILL], chairman of the Committee on Small Business of the House of Representatives, provided for \$500 million capital stock and no limitation on the amount of any one loan except, of course, the definition of small business would exclude consideration of any application for any person or concern not within the small-business category.

CAPITAL REDUCED AND LOANS LIMITED

Before the Banking and Currency Committee an amendment was adopted reducing the \$500 million to \$250 million. There was also an amendment adopted providing that no loan should exceed \$100,000. Normally, in our legislative parliamentary procedure, this bill would have been reported to the House of Representatives with these two amendments as committee amendments and when the bill was reported to the Speaker of the House and the House of Representatives after the conclusion of the consideration before the Committee of the Whole House on the State of the Union any Member could have asked for a separate vote on these two amendments or could have asked that they be voted on together. However, the bill was presented in a way that made votes on these two amendments impossible.

DISILLUSIONED MEMBERS DEPEND ON FUTILE RECOMMITTAL MOTION

Although this procedure deprives minority members of rights, it still was not fatal as under the Rules of the House the minority can always make a motion

to recommit with instructions and may include any instructions even to provide that these two amendments be defeated by providing for a restoration of the \$500 million capital stock and the elimination of the \$100,000 loan limitation to any one company. By presenting the bill in a certain way and getting a certain kind of rule on the bill this right of the minority to make a motion to recommit with instructions was taken away. So it, in effect, gags the Members of the House and particularly the minority members. In other words, it is gag procedure. Tactics like this involve more than just one bill or one Member of the House. It involved an attack on representative, democratic government. Each Member of the House is entitled to have the rules obeyed both in letter and spirit so that he may properly represent the people in the congressional district that he has the honor to represent.

COST OF PRINTING BILLS

The cost of printing is not an item that is ever large in comparison to the importance of a bill before Congress. The importance of the legislation always overshadows any cost of printing and incidental expenses caused to get the bill considered in the Congress. It will probably be of interest to point out that if H. R. 5141 as amended by the Banking and Currency Committee and submitted to the House had been submitted in what I always considered to be a clean bill—in other words, a new bill submitted either by the author, Mr. HILL, or by the chairman of the committee, Mr. WOLCOTT—it would have 20 pages and would have cost \$244.09 to print and distribute. The bill was presented in a different way which, of course, cause the Members to be precluded from voting separately on the two amendments I have discussed and also precludes the minority Members the right of a motion to recommit with instructions. The way H. R. 5141 was actually submitted to the House it contained the first 19 pages of the original bill with lines drawn through every word and every line to cancel it and then after the 19th page, the new bill was inserted up to and including page 39. The cost of the bill as presented was \$457.23. It occurs to me that as small as the cost is in matters of this kind the increased cost is not justified for two reasons. One, and a paramount reason, it is presented in a way to deprive Members of the House—and the minority Members in particular—of a substantial parliamentary right that is recognized in every parliamentary government genuinely conducted by the people as a democracy should be conducted, and second, the cost when it is applied to all bills before the Congress would be considerable and if it is not justifiable for all bills, it would not be justified for one bill. Even a small amount should be saved by an administration that campaigned on a platform against waste, for a reduction of expenses, a reduction of taxes and a balanced budget.

PROCEDURE ADOPTED INJURIOUS TO SMALL BUSINESS

The distinguished majority leader [Mr. HALLECK] stated on Thursday, June 4, that he wanted us to take up the bill

at that time—which was 4:15 in the afternoon—believing that it would only take 30 minutes or a short length of time to dispose of it. I objected to the bill being taken up and was finally forced to make a point of no quorum in order to prevent it being taken up that day when there was not enough time to properly consider it. It was my belief that it would take several hours to properly and adequately consider the bill and not be under pressure of any kind. I was severely criticized for taking this attitude and an effort was made to force the burden on me for causing a session of Congress the next day, June 5. This burden was gladly assumed in view of the importance of the legislation. June 5, when the bill was taken up and considered it required not just 30 minutes or a short length of time, but it required 4 full hours, and every minute of time was used in the consideration of the bill and none of the time used to discuss matters not germane. This fact alone should exonerate me from any blame that was attempted to be placed upon me for forcing orderly consideration of the bill. When the bill was finally concluded in the Committee of the Whole House on the State of the Union and was reported back to the House of Representatives as required under the rule it was impossible to get a record vote on either one of the two amendments that I have mentioned because of the parliamentary procedure that was used, and, of course, a record vote is never taken in the Committee of the Whole House on the State of the Union. The result was Members were denied the privilege of expressing their views on either one of these two important amendments.

Then I made a motion to recommit the bill, H. R. 5141, with instructions to report the same back forthwith with an amendment that would increase the capital stock of the Small Business Administration to \$500 million and to eliminate the \$100,000 limitation on loans. Preceding the conclusion of the consideration of the bill in the Committee of the Whole House, the following colloquy took place concerning the proposed motion to recommit that would be presented when the bill was presented to the House of Representatives after the Committee of the Whole House approval. The discussion is inserted herewith and it is as follows:

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Before this bill was presented for a rule I noticed that instead of reporting the bill and the amendment the committee adopted, the two amendments I have discussed here today as amendments to the bill, it was reported as a whole amendment to the complete bill. I am not criticizing the distinguished chairman of the committee for doing that.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. WOLCOTT. The chairman of the committee did not do that. The whole committee voted to do it. I called attention to the fact it should be done and the whole committee voted unanimously to rewrite this bill as a clean bill, which is done 99 times out of 100. That is why it is in this form. It would be a hodgepodge otherwise.

Mr. PATMAN. I am not accusing the chair-

man of doing something he should not have done, I want to make that plain, but I thought we would have a separate vote on those two amendments because they were amendments to H. R. 5141. The way it is presented we cannot get a separate vote on those two amendments because it is presented in a way that will preclude that possibility. I am not criticizing the gentleman for it; I am just stating the facts as they exist. Now, the only way I know how to get a vote on those two amendments is to make a motion to recommit, which I expect to do, and I hope that the Members of the House will support the motion to recommit with instructions to report the bill back forthwith with amendments to raise the amount from \$250 million to \$500 million and strike out the limitation of \$100,000; those two points.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. HALLECK. Of course, since this is all one amendment—and it has happened many, many times since I have been here—the only motion to recommit that would be in order would be a straight motion to recommit.

Mr. PATMAN. Of course, I do not think the gentleman should insist on that. That just denies us the privilege of getting the House to vote on the amendments in the first place after the committee adopts amendments to reduce the amount of \$250 million and the \$100,000 limitation amendment, I mean, after the committee adopts the amendments on H. R. 5141, the bill now before us, and then if we make that motion to recommit and it is held out of order that is just using parliamentary procedure to keep a person from getting the House to pass directly on the motion and I do not believe the gentleman would insist on that. I know the gentleman is a very fair man and I have very high regard for him; in fact, the highest regard, notwithstanding our differences we often have.

Mr. HALLECK. The gentleman offered his amendment in the committee and he is overwhelmingly defeated. He has had his day in court, and I propose to make the point of order because it is in line with the rules of the House and has been the rule ever since I have been here, and it has been applied many, many times.

Mr. PATMAN. Of course, that is going rather far, I will say to the majority leader, to try to deny us a vote in the House of Representatives. As a matter of right, it occurs to me that we should have had it on two amendments to this bill we are considering, but the way the bill was written and the rule granted, we cannot do it, and therefore the only recourse the minority has is a motion to recommit, and that is the motion I expect to make. Believing in the fairness of the gentleman from Indiana, and the distinguished gentleman from Michigan, I am sure they would not try to deny us an actual vote in the House of Representatives on that motion. That is the only way we can get a record vote in the House of Representatives.

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word merely to put before the Committee of the Whole the actual record of what happened in the Committee on Banking and Currency. After we had completed our work on the bill, the gentleman from New York [Mr. GAMBLE] moved that the bill be reported out, to strike out all after the enacting clause, and the chairman take such action as is necessary, and that vote was unanimous. Then the gentleman from Texas [Mr. PATMAN] suggested that the language agreed upon by the chairman and the gentleman from Kentucky [Mr. SPENCE] with respect to the Board and the antitrust matters be O. K'd. It goes on to say that the gentleman from New York [Mr. MULTER] and the gentleman from Texas [Mr. PATMAN] will submit additional views. We adjourned at

4:35 p. m., and, according to the official record here, the gentleman was in the committee where this action was taken.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Texas.

Mr. PATMAN. I raised the point about striking out the provision of the defense-production plant and the question of the oil companies organizing a world cartel. I brought the question up, and it was considered, and after it was considered, although they got the cartel agreement ready to spring and it would not go in, I asked consideration, and I did not want to press it further. But we were not overwhelmingly defeated on those two amendments, I will say to the gentleman.

Mr. WOLCOTT. I did not say anything about your being overwhelmingly defeated. I said you were there when it was agreed that we report a clean bill, and the clean bill would be in the form of a committee amendment after striking out all after the enacting clause. The record shows that the motion was to strike out all after the enacting clause and introduce the one amendment as a clean bill. The gentleman was there at the time that was done. We took no action at all which the gentleman at the time did not agree with.

Mr. PATMAN. Maybe I should plead guilty to a lack of understanding or that I did not have the knowledge to understand it, but I am sure that I was expecting at the time, as all other members on the outside were discussing it, that we would have an opportunity to vote on those two amendments, and since we do not have an opportunity to vote on the two amendments in the House of Representatives—

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Gross, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise, pursuant to House Resolution 265, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. WOLCOTT. Mr. Speaker, the bill being in the form in which it now appears, there being one amendment in the form of a substitute to the language of the bill as originally introduced, may a motion to recommit be made to report the bill back with instructions in respect to any part of the bill?

Mr. PATMAN. Mr. Speaker, would the speaker permit me to offer my motion before arguing the point of order on it? I have a motion to recommit.

The SPEAKER. Permit the Chair to state to the gentleman from Michigan that the Chair would prefer to have that question presented officially before ruling upon it.

Mr. WOLCOTT. Mr. Speaker, I was merely attempting to bolster up my case, and to get the Speaker to testify in my behalf before I made the point of order.

Mr. PATMAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. PATMAN. I am opposed to the bill in its present form, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

"Mr. PATMAN, of Texas, moves to recommit the bill to the Committee on Banking and Currency with instructions to report the bill back with the following amendments:

"On page 21, line 7, strike out '\$250,000,-000' and insert in lieu thereof '\$500,000,000.'

"On page 21, line 9, strike out '\$250,000,-000' and insert in lieu thereof '\$500,000,000.'

"On page 21, line 15, strike out '\$115,000,-000' and insert in lieu thereof '\$400,000,000.'

"On page 28, strike out lines 5 through 15."

Mr. WOLCOTT. Mr. Speaker, I make a point of order against the motion to recommit, on the ground that under the rules of the House where the last action taken by the House is the adoption of an amendment, a motion to recommit is not in order to instruct the committee to report back different language than that included in the amendment which has just been adopted by the House and thus change the action which was taken by the House.

The SPEAKER. Does the gentleman from Texas desire to be heard on the point of order?

Mr. PATMAN. Yes, Mr. Speaker, I desire to be heard on the point of order.

Mr. Speaker, the resolution, House Resolution 265, which is the rule which was adopted providing "for the consideration of this bill provides that after general debate which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and that such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House or any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit."

Mr. Speaker, I respectfully invite the attention of the Chair to the fact that the rule provides that we shall consider this amendment as an original bill. That is provided for in the rule on page 2, line 5, that it shall be considered under the 5-minute rule as an original bill. And after it is considered as an original bill, the rule specifically provides that after the previous question shall be considered as ordered on the bill and amendments to final passage, without intervening motion, except one motion to recommit. I have filed that one motion to recommit. That is the rule that is followed, and I believe, Mr. Speaker, that it is in order. If it is not in order, I just feel like we have not had an opportunity to fairly present the most important things in this bill to the House of Representatives.

Mr. HALLECK. Mr. Speaker, may I be heard on the point of order?

The SPEAKER. The Chair will be glad to hear the gentleman from Indiana.

Mr. HALLECK. It is not a matter of the Speaker condoning anything. It is a matter of the Speaker applying the rules that have been written and have existed for years here. That is all the Speaker can do on this occa-

sion. The rule is well established, and I am a little surprised that the gentleman from Texas [Mr. PATMAN] presses it, because in the colloquy a short time ago I thought he himself said he recognized that under the rules of the House a motion to recommit, that he has here offered, would not be in order.

Mr. PATMAN. No. The gentleman misunderstood me.

Mr. HALLECK. I decline to yield. If I am putting the wrong interpretation on it, then the membership can understand it. In any event, that is the way I understood it. He complained about the fact that a point of order would be raised. The fact of the matter is that it was to be considered as an original bill for the purpose of amendment and under the 5-minute rule, but we are past that stage. The only provision is for one motion to recommit, which is the language that is always included in rules in respect to a motion to recommit. Of course, the rule might have provided otherwise, but it did not. Whether or not the gentleman protested the rule, or the form of the rule, I do not know, but certainly, Mr. Speaker, under the clear rules of the House and under this resolution the point of order is well taken.

The SPEAKER. The Chair is ready to rule. The Chair has painful recollection, through his long service in the minority, as to the application of this particular rule. The Chair knows that all the precedents are opposed to the motion to recommit as it is now presented to the House. The House having adopted a substitute amendment for the entire bill, that precludes any motion to recommit proposing to modify such amendment.

The Chair sustains the point of order.

The question is on the passage of the bill. The bill was passed, and a motion to reconsider was laid on the table.

It will be noticed that the gentleman from Indiana [Mr. HALLECK] says in his statement:

The rule might have provided otherwise, but it did not, whether or not the gentleman protested the rule or the form of the rule, I do not know—

And so forth. He was referring to the rule considering the Small Business Administration bill H. R. 5141 which was considered last week.

Yesterday, I did go before the Rules Committee and asked that this gag rule be changed but it was not changed.

ATTITUDE OF MAJORITY LEADER 2 YEARS AGO

The majority leader, the distinguished gentleman from Indiana, vigorously upheld the parliamentary procedure that was being used that not only denied a Member the right to vote on either one of the two amendments but also denied a Member the right to vote on the traditional motion to recommit which would have included a record vote on the two amendments. It is interesting to go back just 2 short years and refresh our memory as to what happened under an almost identical situation when the distinguished majority leader was on the other side of the fence. I am inserting herewith proceedings from the CONGRESSIONAL RECORD of April 13, 1951, which discloses what happened at that time:

[From the CONGRESSIONAL RECORD of April 13, 1951, p. 3913]

Mr. SHORT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SHORT. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

"Mr. SHORT moves to recommit the bill to the Committee on Armed Services with instructions to report the same back forthwith with the following amendment: Page 29, line 4, strike out the period and insert in lieu thereof a semicolon and the following: 'and persons inducted into the Armed Forces under the provisions of this title shall not be assigned for duty in Europe in implementation of article 3 of the North Atlantic Treaty unless the Congress by concurrent resolution shall have expressed its approval of the assignment for such duty of persons so inducted.'"

Mr. PRICE. Mr. Speaker, I make a point of order against the motion to recommit on the ground that it seeks to modify an amendment which has been adopted by the House, and therefore the motion is in violation of the rules of the House.

* * * * *

Mr. HALLECK. After discussing the matter with our able Parliamentarian, whose judgment I respect, I am afraid that I must recognize that the point of order is probably well taken. However, I must again say that it is certainly—shall I say tragic?—that, although apparently no such thing was intended, the minority has been by this resolution which we adopted, and which we incidentally helped to bring to quick action, shut off from what I have considered to be an inviolate right of the minority to offer a motion to recommit with instructions when a measure in the nature of an original bill was being considered.

Please do not overlook the fact that the gentleman from Indiana [Mr. HALLECK] stated that it was tragic that the minority should be shut off from what he considered to be an inviolate right of the minority to offer a motion to recommit with instructions.

LOOKS LIKE A DEFINITE POLICY BEING ADOPTED

Over the years occasionally a bill is presented like H. R. 5141 was presented in a way to deprive a Member of his substantial rights, but such instances have been the exceptions rather than the rule because the rights of the minority are defended and protected, so we shall not condemn the leadership of the House, or the majority members of the Banking and Currency Committee in particular, because of this one instance, but if it is done twice then it looks like a habit or policy, and we must give serious consideration to whether or not we want such a policy adopted. It is well known that the first visible sign of a totalitarian government is the party in power destroying the right of the minority party or destroying the rights of all minorities. That represents the beginning of a dictatorship although by itself probably should not be considered so serious as to connect it up with a totalitarian or dictatorship government but it certainly is an earmark and convincing evidence of a direction the Government is attempting to go and that is against a rule by the people and for a rule by a few.

ANOTHER BILL PRESENTED SAME WAY THAT WILL GAG MEMBERS

A few days ago, another bill came from the Committee on Banking and Currency; it was the Defense Production bill, to provide authority for temporary economic controls and for other purposes. It was S. 1081. After our Committee on Banking and Currency con-

sidered this bill and after striking out everything about reimposing emergency controls and only leaving very limited powers such as allocations and extension of section 104, it was agreed that a clean bill would be presented to the House in view of the substantial changes. There is a difference of opinion among Members as to what is a clean bill. I have always looked upon a clean bill as a new bill introduced by the chairman of the committee or by the original author, but other Members—and evidently the distinguished chairman of the Banking and Currency Committee is one of them—considers that a clean bill could be one in the form of an amendment to the original bill, so in this particular case, when S. 1081 was amended and the first 21 pages stricken out and a bill of only 5 pages agreed upon, the committee pursued the same policy that it did in the Small Business Administration bill. Instead of presenting a new bill, it was carried on as an amendment to the original bill. The result was costwise, that if a new clean bill had been introduced of only 5 pages, it would have cost the taxpayers only \$96.90, but printing it all over again with the first 21 pages, printed with a line run through every word and every line—and then adding on the bill we agreed to, caused the bill to be composed of 26 pages at a cost of the taxpayers of \$352.12. Now, in these two bills the taxpayers are out nearly \$500 on an expenditure that for all practical purposes is absolutely useless unless it can be argued that it is worth \$500 to deprive the minority of a opportunity to get record votes on certain amendments.

On yesterday—June 8—the Committee on Rules considered the question of granting a rule and the kind of a rule on S. 1081, as presented. The Honorable BRENT SPENCE, ranking minority member of the Banking and Currency Committee and former chairman of the committee under Democratic administrations, and I presented arguments in favor of a rule that would unquestionably give the minority the right to get a motion to recommit with instructions considered in the House of Representatives and a record vote taken. When we left the committee we thought such a rule would be granted, but later on, I was advised by the chairman, the Honorable LEO ALLEN of Illinois, that after considering the matter further it was decided that the Rules Committee could not grant the rule carrying that particular rule and privilege. So in that condition the matter is now presented to the House of Representatives. In other words, we are considering a rule which says that a motion to recommit will be in order, but we know from past experience that the Speaker, in carrying out precedents of other Speakers on the same subject, will hold that a motion to recommit with instructions is not in order.

I am inserting herewith an answer to a question, No. 105, on the Committee of the Whole, from the booklet on *Our American Government—What Is It?—How Does It Function?* It is as follows:

Question. What is the Committee of the Whole?

Answer. Motions or propositions involving taxes or appropriations, authorizing payments out of appropriations or releasing liability to the United States or referring claims to the Court of Claims, are considered first in the House sitting as a Committee of the Whole. (There are technically two such committees, in effect standing committees—one, the Committee of the Whole House, to consider business on the Private Calendar, and the other, the Committee of the Whole House on the State of the Union, to consider business on the Union Calendar.) Upon resolving into Committee of the Whole, the Speaker gives way to a Chairman, and the mace is moved to a lower pedestal. Speeches are limited to 5 minutes. The "previous question" cannot be put in the Committee; and the Committee does not adjourn, but rises and reports to the House, whether their business is unfinished or finished. A quorum is 100 Members.

The SPEAKER. The time of the gentleman from Texas has again expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, I think we are all interested in the political philosophy of the gentleman from Texas [Mr. PATMAN]. However, I am told on reasonably good authority that this has been the rule of the House for many, many years. I know from my own personal experience that it has been the rule of this House for more than 22 years. I have been informed that the Rules Committee did not make in order a motion to recommit, with instructions, for the reason that it would have established a precedent which would have had to have been followed on all of these bills; and, by the same token, would have indirectly amended the general rules of the House; and that it would be better to take a straight vote on a resolution amending the rules of the House in this respect.

If the gentleman is correct in stating that this is a gag rule—I might say that the minority in this House for the last 20 years has been gagged, because to my knowledge the Rules Committee has never reported a rule making in order a motion to recommit, with instructions, during the last 20 years. If it is opposed to representative government, then those who have had control of this House for the last 20 years have denied the people their constitutional prerogatives of representative government.

The difference between the Small Business Administration bill which we passed last Friday and the one which we have before us today is that the Small Business Administration bill which we considered Friday was introduced as a House bill. It has been quite customary to take the action which we did on that bill. There are precedents galore for it, as the gentleman knows. This bill that we have before us today is a Senate bill. That Senate bill was referred to the Committee on Banking and Currency, and had to be considered as a Senate bill. If the gentleman from Texas [Mr. PATMAN] is concerned about the cost, which I think he said involved a difference of about \$240, then he must take into consideration that if the House bill had been introduced and passed we would have had to take from the Speaker's table the Senate bill, stricken out all after the en-

acting clause, and substituted the House bill for the Senate bill, so we would have had exactly the same expense involved as is involved in the printing of this bill. It seems to me that is a rather specious argument on which to predicate a change in the general rules of the House.

The motion to recommit of last Friday I understand was predicated upon action taken in the Committee of the Whole on two amendments: One to remove the limitation of \$100,000 to any one borrower—and that was defeated in the Committee of the Whole by a vote of 46 to 86 almost two to one; and the other part of the motion to recommit would have been to remove the limitation of \$250 million raising it to \$500 million. That was defeated by almost two and a half to one: There were 32 ayes and 70 noes; so it seems to me that if the minority has been denied any constitutional rights it surely was a very small minority which was insisting upon its rights to the possible prejudice of the majority of this House.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I cannot yield at the moment; I am sorry; I have only 5 minutes and I think I should devote at least two of those minutes to review as rapidly as I can what is in this bill. I shall not attempt to cover the details of it except to say this is a continuance for 1 year of certain provisions of the Defense Production Act.

The SPEAKER. The gentleman's 5 minutes has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield three additional minutes to the gentleman from Michigan.

Mr. WOLCOTT. This is a continuance of that act wherein it provides for the allocation of materials and priorities in respect to national defense contracts.

The bill also terminates the authority to requisition and condemn property in the national-defense effort.

Title III of the Defense Production Act is continued for a year. This title provides for authority for the expansion of production, and the authority in the act which authorizes \$2,100,000,000 for title III purposes is continued. I might say in explanation that there is a table on page 7 of the report which gives information in respect to the amount of that sum which has been used and the amount which is available for use. It also involves the continuance of authority to effectuate sections 302 and 303 of the act.

The committee in its wisdom deleted those provisions in the Senate bill which have to do with standby controls and the 90-day freeze, so that we continue in substance titles I, III, and VII excepting section 714, which deals with the Small Defense Plants Administration. It is our purpose to substitute the action taken last Friday when we passed the Small Defense Plants Administration bill and offer that as a committee amendment to this bill so that the whole matter will be in conference and in order that there may be no hiatus between the period in which one act expires and the other takes effect. I think that in substance is all that the bill is about. This

is an open rule; any Member can offer an amendment which is germane at any stage of the reading of the bill. We requested an open rule for the very reason that we wanted to protect the Members of the minority in what we consider all of their rights under the rules of the House.

Mr. COLMER. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, we have had quite a bit of discussion here this morning about the form of this rule. It so happens that in this particular instance at least it is my responsibility to attempt to protect the minority in their rights in the consideration of this rule. However, with all due deference to my long-time personal friend, for whom I have a very high regard, the gentleman from Texas, [Mr. PATMAN], to whom I yielded such time as he desired to state his position, there is nothing new about the form of this rule. As has been well stated here by others this is a procedure that has been followed for a very long, long time in this matter of the form of the rule with particular reference to the motion to recommit. If we are dissatisfied with this procedure, then the remedy lies not in castigation of the Committee on Rules but in a reformation of the rules of the House. In other words, the House rules would have to be amended unless we have an innovation here in the reporting of these rules. Therefore, I do not think we need to get too excited about the form of this rule. As the able chairman of the Committee on Banking and Currency [Mr. WOLCOTT] has stated, this bill has a number of purposes.

But, Mr. Speaker, in the next 2 or 3 minutes I want to address myself to the continuation of section 104 of the Defense Production Act that is provided for in this bill. I am intently interested in seeing that section continued as a part of the law. This bill would continue the section for another year. The enactment of that section has been of great assistance to many segments of our economy, particularly to those sections engaged in agriculture. In particular it has been very beneficial to a segment of the economy that I have the honor to represent, the tung oil industry. It has prevented the dumping of tung oil most recently by our South American neighbor, the Argentine, upon this country and ruining that little industry which I must confess, unfortunately, does not have much popular appeal because it is limited to that particular section of our common country bordering along the Gulf Coast from Florida to Texas, inclusive.

This little industry cannot survive in competition with either the cheap labor of the Argentine or the coolie labor of the Orient. At some time later in the debate I propose in the consideration of the merits of the bill to say something else about that. I may say in passing that on yesterday the President of the United States issued a proclamation based upon the findings of the Tariff Commission in which an attempt was made to take care of several of the agricultural commodities, including flaxseed and linseed oil which was already pro-

tected but which was given an additional protection under that proclamation. However, this little industry to which I have referred was left without any assistance or protection whatever.

I hope that in view of that proclamation that those who are interested in other commodities, who have plead for the continuation of section 104 in this act, do not now find it to their particular advantage and to the disadvantage of others to take a different tack in the consideration of this legislation.

Mr. Speaker, several days ago I appeared before the Committee on Banking and Currency in support of the continuation of section 104. I think it proper here for the sake of the record and the benefit of the membership to repeat that statement. The statement follows:

Mr. COLMER. Thank you, Mr. Chairman, and members of the committee.

Mr. Chairman, I appear here this morning briefly in behalf of the continuation of section 104 of the Defense Production Act. I understand that that whole question of controls is being considered, and I am very much interested in seeing that particular provision of the law extended and retained.

My interest, I must confess, primarily stems from my very intense interest in a little industry that possibly but a few of you are familiar with, and I refer, Mr. Chairman, to the tung-oil industry, which is a comparatively small industry in this country and which unfortunately does not have too much appeal because it is a small industry and affects a very small portion of our people.

Possibly I should, for the benefit of the committee and the record, tell you in a few words just what the tung-oil industry is and something of its importance to not only our economy, but to our national defense.

Tung oil is an oil produced from the tung tree, which originated in the Orient, largely produced in China, and up until World War I we were dependent on the Orient for the tung oil used in this country. It is without question the best drying oil known. It gets its name "tung" from the heart-shaped leaf of its foliage. It is used as a drying oil. It is used extensively in electrical equipment particularly, where a high degree of dryness and protection is required, and is used rather extensively by our Navy.

That is the reason that it is grown in this country today. In World War I, we were caught short of tung oil and the Government and other interests encouraged the production of tung in this country. To indicate just how new it is, comparatively, I might mention, Mr. Chairman, that although a comparatively young man, I happen to have been one of the incorporators and directors of the first tung oil corporation in my State, which is now the largest producer of tung oil in the country. I might add parenthetically that I am not now a director, nor do I own any tung oil acreage nor am I otherwise interested other than as a representative of the industry in the Congress.

Tung oil is produced in this country in a belt of about a hundred miles wide along the coastal plains of the Gulf of Mexico only, beginning in the State of Florida, and extending across into Alabama, Mississippi, Louisiana, and Texas. It apparently will grow nowhere else in this country.

Today we are producing, or hope to produce this year, the all-time peak of 35 million pounds. There were approximately 185,000 acres planted in tung in 1950. It is slightly above that now. There is a capital investment of about \$40 million. About 15,000 people are employed in the industry.

This country consumes—did last year—47,863,000 pounds of tung oil. This country imported, last year, 29,800,000 pounds of tung oil. In other words, the importation is almost two-thirds of the consumption.

In that connection, the question might be asked: How we imported 29,800,000 pounds of tung oil last year when the product originated in China and China has been our chief competitor? The answer is that although we suspect—although we can't prove it—that some of this oil has come around through devious channels from China, into this country, we do know that a large portion came from the Argentine, which has recently gone into the production of tung oil and is now, with the world situation as it is, our chief competitor.

Just after World War II we succeeded in getting a support price for tung oil. Today that support price is the lowest of any of the support prices on any of the commodities: 62.2 percent of parity, or approximately 26.5 cents a pound.

The cost of production of tung oil is \$72.80 a ton—these are last year's figures—and the industry figures they have to have at least \$73 a ton in order to break even.

It is apparent that—

Mr. BROWN. What is tung oil selling for now?

Mr. COLMER. Today tung oil is selling at about 27 cents a pound, which is about a half cent more than the support price; and if you are interested, Mr. Brown, during the history of the support price, the CCC has purchased about a million and a half pounds of oil, which they had purchased at approximately 24 cents and sold at approximately 37 cents a pound.

Now, it is obvious that if this little industry in this country is to survive it has to have some protection, and I think, forgetting the economy of the thing and from a defense standpoint alone, it must be permitted to survive.

Mr. Chairman, this infant American industry is faced with this dilemma: It cannot compete with either the coolie labor in China or with the cheap labor of the Argentine. On the other hand, the United States is faced with the necessity of having tung oil in its domestic economy and essentially as a strategic defense material.

At the moment we are not too much concerned with Chinese imports. But, if a solution to the communistic war should be found, the cheap Chinese oil, if permitted to flood this country, would inundate the domestic industry. But, even if the unfortunate Chinese war situation continues, we are faced with the ever-increasing production of the Argentine. Therefore, there must be some legislative machinery for stopping—or, at least, controlling—these threats to this essential industry.

What we are doing now is to support the Argentine industry. If the domestic industry is not protected, if it is not given some governmental encouragement, then we may again face a situation where we have some international complications and have no supply of tung oil for our defense effort.

From the economy standpoint, of course, it means a great deal to the people in that section of the country. This oil is produced on what is generally known as cutover land. It is more or less marginal land, running along the coastal line. It is not suited for the growing of cotton or corn, wheat or any other of the staple products. And it has meant a great deal to the people of that section.

I might also add that this little industry has no protection so far as tariff is concerned. It is on the free list. And, therefore, we must have some other kind of protection for it.

I understand that this committee is considering the overall picture of a continua-

tion of this section 104, or the substitution for that of the continuation of section 22 of the Agricultural Adjustment Act.

We don't think that section 22 will give us the protection that we need, because of its slow-moving character.

Mr. BROWN. Do you now have protection under section 104 of the act?

Mr. COLMER. Yes, sir. I thank my friend for asking that question. We got it about 60 days ago, because this Argentine oil was flooding the country, and the Commodity Credit Corporation was faced with the possibility of having to take over a large part of this year's crop, which it is estimated will be about 35 million pounds.

Now, Mr. Chairman, with the permission of the committee, I should like to offer this chart, which shows the effect of these imports on the price of the domestic product. You will note that whenever the imports came in—and they always come in around the time that they start to market their crop in this country—the price goes down. Therefore, we are at the mercy of the foreign producers.

Mr. Chairman and gentlemen of the committee, I am very much interested in this matter. I think the country is interested in it. All we want to do is to survive. We are trying to help the rest of the world. We have contributed many billions of dollars for that purpose. We are going to contribute more billions of dollars. Here is a little industry that is going to be put out of business because it absolutely cannot compete, under normal conditions, with the cheap labor in the Orient and South America, unless it is given some protection.

I hope that the committee will give this matter its careful and sympathetic consideration. Mr. Chairman, members of the committee, I appreciate the privilege of appearing here this morning. If any of you have any questions, I will be glad to attempt to answer them.

The CHAIRMAN. We are very pleased to have your testimony, Mr. COLMER. Mr. PATMAN.

Mr. PATMAN. Do you know of any commodity that has fluctuated in price as much as tung oil?

Mr. COLMER. No, sir; I don't believe that I do, Mr. PATMAN.

Mr. PATMAN. According to the chart here, it was way down in 1945 and in 1953. From the chart it fluctuates because of the imports.

Mr. COLMER. They both fluctuate. And if you will notice, Mr. PATMAN, from the chart, one goes down when the other goes up.

Mr. PATMAN. That is right.

Mr. COLMER. Thank you, Mr. Chairman.

Mr. BROWN. May I compliment the Congressman on his splendid statement. He always make a good statement.

Mr. PATMAN. I appreciate your statement, too, Mr. COLMER. I am receptive to the gentleman's views. I expect to support his views.

Mr. COLMER. The gentlemen have always been very gracious, both of them. I thank you.

Mr. MUMMA. Mr. Chairman.

The CHAIRMAN. Mr. MUMMA.

Mr. MUMMA. Congressman COLMER, I realize that tung oil is a very, very important base for a lot of technical paints in the electrical industry. I am not familiar with the process. I would just like to ask you a question: Are these trees planted, the same as our forestry program? Is it all harvested somewhat like turpentine?

Mr. COLMER. I think the correct answer would be they are more like orchards. They grow wild in China and are also cultivated in China, but in this country they are all planted as orchards, just as apples, peaches, and so forth.

Mr. MUMMA. How far apart?

Mr. COLMER. Around 30 feet apart.

Mr. MUMMA. How long does it take a tree to come into production?

Mr. COLMER. They will produce a few nuts after about 5 years. Incidentally, I should have brought some of them up to the committee. The nuts resemble very much the black walnut. They fall to the ground, they are picked up, dried out, and then milled—crushed, to extract the oil.

Mr. MUMMA. Labor isn't a very big proposition once the industry is established, is it?

Mr. COLMER. I would say about like in the case of any other orchard crop. They have to be cultivated, they have to be fertilized.

Mr. MUMMA. You were talking about planting them on slash lands. It occurred to me you couldn't cultivate them very much with a lot of stumps in there.

Mr. COLMER. Oh, no; they are planted in cleared ground. The ground is cleared of stumps. You would think you were in an apple orchard, at a distance, if you were to see them, and particularly when they are in bloom, they are most beautiful. The cherry blossoms would have to fade into insignificance in comparison.

Mr. MUMMA. My point is you don't need a lot of technical help.

Mr. COLMER. Well, that is more or less true. You have to have tractors and skilled operators, as well as some skilled personnel and scientific knowledge.

Mr. MUMMA. That is all. Thank you.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. TALLE.

Mr. TALLE. I enjoyed your statement, Mr. COLMER.

Mr. COLMER. Thank you, Mr. TALLE.

Mr. TALLE. It frequently happens in the case of trees and shrubs that are brought in from the Orient, that with them come certain pests that are troublesome. Have you run into that in this industry?

Mr. COLMER. Yes, sir. The chief enemy is a form of dry rot. The pests themselves, or insects, have not been too bad. In fact, from my limited knowledge of it, I don't know of any pests.

I might add, the foliage is poisonous to cattle and therefore cattle can graze in the orchards without injury to the trees.

Mr. TALLE. Is the life of the tree long or short?

Mr. COLMER. Well, of course, it is comparatively new in this country, and my knowledge of it is limited to that, but I would say comparatively long. I would say 25 to 50 years.

Mr. TALLE. I think you said the investment was something around \$40 million, in the industry?

Mr. COLMER. Yes, sir.

Mr. TALLE. Is that restricted to your State, or is it all the way along the Gulf of Florida?

Mr. COLMER. We have had a little repetition of history down there. These so-called Yankees have come down there, just like they did with our virgin pine forests, and have taken over. I would say that most of the investment in that section is from the so-called Yankee capital.

Mr. PATMAN. May I interrupt to say that it was said, not long ago, with reference to what you have said just now, by a Dallas cotton man, he didn't know how it would come out but definitely the cotton gins were moving west out to the irrigated section, and the cattle were moving east where there is more water, and the Negroes are moving north and the Yankees are moving south.

Mr. COLMER. I think there is some truth to that, and I know we welcome the Yankees. May I add, Dr. TALLE, that the immediate retiring president of the American Tung Oil Association, is a resident of Boston.

Mr. TALLE. I understand, then, that it is a key industry in wartime?

Mr. COLMER. Yes, sir.

Mr. TALLE. Thank you, Mr. COLMER.

Mr. GEORGE. I think this committee is delighted to have you here, sir, and I think also

the Yankees like to have a fellow like you on the Rules Committee. If there is anything we can do to help you, we want to do it.

Mr. COLMER. That is most gracious, and I deeply appreciate it.

The CHAIRMAN. We assume in helping this tung oil industry situation, we are helping the whole United States.

Mr. COLMER. Thank you, Mr. Chairman.

Mr. HIESTAND. Mr. Chairman, I know we all very much appreciate this statement, and we have learned a good deal from it, and we are heartily in favor of helping an industry of this type.

It is not quite clear in my mind, Mr. COLMER, just how section 22 of the Agricultural Act fails to provide or could fail to provide, in your opinion, the type of protection you feel is necessary under 104.

Mr. COLMER. Because I think it is too slow. This, as I have emphasized, is a small industry. By the time all the mechanics of section 22 have been gone through, and the time-consuming effort is put forth, I believe this industry could be destroyed.

We had an awfully hard time getting section 104, which is mandatory, applied to this industry. If you go through section 22, as I understand the operation of that section, the Secretary of Agriculture would have to make a determination that these importations were extremely harmful.

Then the Tariff Commission would have to make a study. And then it would be up to the President as to whether he saw fit to do anything about it or not.

I would say that that process would possibly take 2 crop years to put into effect, and I am afraid my little industry would be gone by that time.

Mr. HIESTAND. You are aware, of course, that the Secretary of Agriculture has announced his intent and is putting in a definite plan to speed this thing up so that it can operate? I am not attempting to defend what happened in the past, but at least it is his intent to make it effective.

Mr. COLMER. And I am sure, sir, that his intent is an honest one. But I have been around here a good while now, and my observation is that it takes a mighty long time for a matter to clear through three different governmental agencies, and a lot of hearings and time-consuming effort. I thank the gentleman for asking me the question, though. I am afraid I didn't make that very clear before.

Mr. HIESTAND. Thank you.

Mr. COLMER. Thank you, sir.

Mr. STRINGFELLOW. Mr. Chairman.

The CHAIRMAN. Mr. STRINGFELLOW.

Mr. STRINGFELLOW. Mr. Congressman, I certainly appreciate your testimony and I am sympathetic with your views.

I would like to ask you, Can this industry, producing tung oil, produce enough to meet domestic demand in this country?

Mr. COLMER. Yes, sir. It is not producing it now, but it can produce it. Remember that it is a small industry, a new industry, perhaps, rather than a small industry, and that it takes time to grow.

Frankly, one of the things that I think we have to watch, and which must be considered in the whole picture, is that we don't get an overproduction of tung oil. I don't think there is any question but what, with the proper protection, that the industry can produce sufficient oil for the domestic consumption, but always bear in mind that you have this Chinese industry, which is centuries old, you have the Argentine production, which is now producing almost as much as we are, and then, in addition to that, other countries have started some planting, notably England. When England was caught short, during World War II, they moved into Africa and started the planting of tung trees there.

I don't think, sir, that that is a question that need concern us. I do think, for the

overall interests of the industry itself, and for the consumer, that we have to have some leeway in there, so that we could have some importation, if we needed it, and then on the other hand, to see that the industry does not overextend itself. We do not object to reasonable imports. What we do oppose is flooding and destruction.

Mr. STRINGFELLOW. Does the protection that you receive under section 104, afford you a complete embargo on foreign importation?

Mr. COLMER. Frankly, we asked for a complete embargo. We didn't get it. We got a quota. I think it was 2 million pounds. That is for each quarter.

Mr. STRINGFELLOW. Thank you.

Mr. COLMER. Thank you, sir.

The CHAIRMAN. Are there further questions of Congressman COLMER? If not, we are very happy to have had your testimony, sir.

Mr. COLMER. Thank you, Mr. Chairman, and gentlemen of the committee. You have been most kind.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 1081, with Mr. BROWN of Ohio in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOLCOTT. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, as was said in the debate on the rule, this is a bill to extend certain provisions of the Defense Production Act. I think an explanation should be made of the report because under rule II, wherein changes in existing law are set forth, the changes from existing law are the changes which occur in the Senate bill. So in order to get a complete picture of what the House bill does, one should refer to the changes in existing law on page 15 of the report and also the statement containing the provisions of the Senate bill on page 1 of the report and the provisions of the committee amendment as explained on page 2 of the report.

Perhaps all one needs to do is to read the summary of the Senate bill on page 1 and then the provisions of the committee amendment on page 2.

In substance, the committee amendment which we are considering continues for 1 year, the allocation of materials and priorities in respect to contracts. The Senate bill provided an extension for 2 years. The reason why we provided an extension for 1 year is because for a good many years the Congress has insisted upon taking a look at these extraordinary powers and controls each year so that we could make such changes as to fit these controls into the economy from year to year in order that there would be a minimum shock to our economy through the use of the controls.

In title I we deleted a provision of the Senate bill which would have repealed section 104, and we restored section 104 as it appears at present in the act. Ordinarily that would expire on June 30, 1953, as would the other provisions which I have mentioned. The action of the committee is in effect to continue section 104 for 1 year along with other controls mentioned in the bill.

Section 104 has to do with the importation of fats and oils.

Title II of the bill has to do with the authority to requisition and condemn property in the defense effort. That is deleted from the bill on the recommendation of the administration. It has only been used once since it has been in operation, and that only to clear a title. That will expire on June 30 unless action is taken by amendment on the floor to continue it. It seems unnecessary.

Title III, which has to do with the expansion of production, is virtually the same as in existing law and is virtually the same as is contained in the Senate bill, except that it is continued for 1 year instead of 2 years.

As I said in my earlier remarks, there is a table on page 7 of the report, which I call to your attention, which shows that the total allocation out of the total amount of \$2,100,000,000 has been about \$1,802,000,000. There is a balance outstanding of \$343,242,000 of the \$490,376,000 which has been borrowed; \$147,134,000 has been repaid, leaving a balance of \$343,242,000. There is still available under the provisions for expansion in production about \$1,458,758,000, which is considered sufficient to complete the programs.

The provision in respect to contracts for the acquisition of goods is extended from 1962 to 1963, an increase of 1 year, in keeping with the extension for 1 year.

It will be noted that all authority to control prices and wages and salaries, which was contained in title IV of the bill, is not continued under the committee amendment. The President has heretofore terminated controls on issuance of prices, wages, and salaries.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Texas.

Mr. LUCAS. May I ask the gentleman if what he has said is true, and I assume it is, about the deletion of titles IV and V regarding price and wage controls, whether he believes it is still necessary for us to retain in the bill the statement in parentheses on page 21 of the bill in section 101 (a), where it reads:

The President is hereby authorized (1) to require that performance under contracts or orders—

This is the section to which I refer—(other than contracts of employment) which he deems necessary or appropriate to promote the national defense.

Can the gentleman explain to the House and to the committee why he has retained this phrase "(other than contracts of employment)"?

Mr. WOLCOTT. I am glad the gentleman brought that up, because it might seem an inconsistency which I think can be explained in this way.

That language was contained in the original act, and that is the same language that is contained in the bill we are extending. Under the provision, "The President is authorized to require that performance under contracts or orders," the gentleman asks about the matter in parentheses which states "(other than contracts of employment)" which he deems necessary or appropriate to promote the national defense shall take priority."

I believe the reason why that was put in originally was in deference to title V of the bill which provided for the settlement of labor disputes. But beyond that was some reasoning which perhaps was logical, that it is rather difficult if not impossible to compel a person to work. I suppose, theoretically, when a contract for labor has been entered into, suits would lie for nonperformance of that contract, but under the American system we have never seen fit to adopt any form of forced labor, so it would be rather difficult if not impossible, and highly undesirable, to try to force a person to work against his wishes. So we found that perhaps it was in keeping with our system not to put language in here from which anyone could infer that we were providing for forced labor, because it was not in keeping with the American system.

Mr. LUCAS. I should like the gentleman to assure the House that the President's hands are not necessarily tied by the insertion of this amendment, where the President has the power to force a contractor to comply, but yet he does not have the power, under this provision, to require contracts of employment to be carried out.

Mr. WOLCOTT. I think the gentleman is correct, because, of course, we can force a corporation or an individual to execute a contract other than contracts of employment; contracts for delivery of goods, contracts for the manufacture of goods can be enforced in several different ways. The most common practice is a suit to compel performance of the contract. Then there are damages stipulated and otherwise, for failure to perform a contract.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Can the gentleman explain how this Senate bill, S. 1081, will have any effect on the general issue of standby controls?

Mr. WOLCOTT. I was getting to that.

Title VI of the existing law, which originally had to do with consumer and real-estate construction credit controls, has been deleted. What is left of that will expire on June 30, 1953. In the Senate bill there is a provision for the effectuation of certain standby powers, with a provision that the President, in time of war, may exercise certain powers; certain controls over wages and salaries and prices. Also, he may in time of war, under the provisions of the Senate bill, reinstate his Executive order, which I believe is 8843, which is commonly referred to as regulation W; and

could, under the Senate bill, reinstate what we refer to as regulation X, which has to do with real-estate construction credit controls.

The committee voted to delete the provision in the Senate bill, which provided that the President, in time of war, by proclamation could invoke price, wage, salary, consumer-credit controls and real-estate credit controls; and in time of grave emergency, the Congress could, by concurrent resolution, order their imposition.

There is a basic reason why that was done. So far as I know, there is no good reason why this Congress should have the authority to invoke these controls by concurrent resolution. The thing turns, however, upon whether the Congress feels that it can expeditiously act to give the President the authority to freeze controls in time of grave emergency or in time of war.

I have said, and I want to repeat, that there are at least a hundred Members of this Congress who, in 10 minutes' time, could dictate a better freeze order giving the President more effective powers in keeping with the limitations in the old OPA law and the present OPS laws than is contained in the Senate bill. I believe the Senate language would constitute a psychological deterrent to the production of goods, both military and civilian, at a time when we might need full production.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. I yield myself 5 additional minutes, Mr. Chairman.

In time of war, after an attack, this Congress would be in session within 24 hours. You can get a quorum here made up of Members from every part of the United States within 24 hours. At the time of an attack we know that every air service, every rail service, all other means of transportation, would be put at the disposal of the President to get Members of Congress back here. And so I think there is no question but that a quorum of this Congress, if we were not in session, could be gotten together inside of 24 hours.

The first order of business, of course, would be a resolution declaring that a state of war existed. The second resolution would be, if found necessary, one giving authority to the President to freeze the economy. Both of these resolutions could be on the President's desk by 4 o'clock of the afternoon following the attack. Certainly it can be done. And so we find in our report that the Congress could act expeditiously and swiftly enough to give the President the authority to sufficiently control our economy to prevent all the harmful economic effects that might result from such an emergency.

There is no sensible justification for standby controls or standby freeze orders, because first, in time of war we know that we are going to give the President that authority. I say it can conceivably be given to him on the same day we declare war. Secondly, I cannot envision any other emergency which would come on so rapidly that the Congress would not foresee it. The administration in such times would have to

use more extensively the controls which are given to it to allocate materials, so that fact alone would warn us that there were serious impacts upon our civilian economy by the expansion of our war production. In that period of time we would have ample opportunity not only to enact a freeze order but also to enact another comprehensive control law.

If we provide that the President be given these standby controls then industry, agriculture, and business will never know when these controls are going to be utilized; they will not be able to plan weeks and months and probably years ahead as might be necessary if we are going to get the benefit of our full productive capacity. If the Congress under the Senate language is given the authority to invoke these controls by the passage of the concurrent resolution we might, of course, anticipate that we would have to have hearings on the enactment of a concurrent resolution before its enactment, and every small group of people who felt aggrieved because of any change in our economy would start pressure on Members of Congress; Members of Congress would in keeping with their representative functions, pressure the committees of Congress to report out a concurrent resolution. What would happen to our production effort? Business, industry, and agriculture would immediately retard production until they found out what the Congress was going to do about it. Both of these, the power to the President and the power to the Congress would hang like a sword of Damocles over the head of our production effort as a deterrent.

Now, when and if there is any decided cutback in defense production, we have got to encourage an expansion of production to take up that slack. Those are the things with which we should concern ourselves now, the expansion of production to meet the civilian demands at the time when there is any serious cutback in the defense effort. So I urge now in this general debate that we consider this as a fundamental obstacle to the full production which we might need so badly in the years to come. I do not like to feel, and I believe the members of this committee do not like to feel, that we are going to accept controls as a matter of Government policy in peacetime. I like to think, and I believe you agree with me, that in time of emergency we will not split hairs on how much authority the President temporarily has to prevent the uncertainties and disequilibriums which might enter the economic picture.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. FULTON. I want to say that I agree with the gentleman that standby controls do constitute a threat to the production, and I am pleased to hear that the controls are being taken off when they are not necessary.

Mr. WOLCOTT. I think that in substance generally is what the bill is about. I might repeat that we provide for the extension of title VII which has to do with general provisions excepting 714

which created, as you will recall, the Small Defense Plants Administration. We do that in anticipation of offering the bill which we passed last Friday, H. R. 5141, known as the Small Business Act, as a committee amendment to this bill, so that the whole matter will be in conference and there will be no period between the expiration of any law which we have passed for the benefit of small business. That is an added security.

During the debate under the 5-minute rule other questions will arise which I think the committee in its report has already answered. The committee struck out of the bill the Senate provision in respect to the 90-day freeze by unanimous vote. It deleted from the bill the provision in respect to consumer credit controls and construction credit controls by a vote of 27 to 1, there being 28 of the committee present. On the motion to give the President authority instead of action by the Congress I think that vote was 15 to 13. After that vote was taken we voted unanimously to take out all stand-by and freeze authority. That will be a matter before us for consideration here.

Mr. LANE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Massachusetts.

Mr. LANE. Under the provisions of this bill the control of prices, wages and rent will automatically die as of June 30 except on rent control if the States want to go into it?

Mr. WOLCOTT. The gentleman is correct in that price and wage control authority expired on April 30, 1953, and rent control outside a few critical areas will expire July 31st if the States have not provided for an extension beyond the date under State laws.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill is more significant by what it fails to contain than what it contains. It is a defense measure. It deals with war and the apprehension of war.

The distinguished gentleman from Michigan talks about controls not being in accordance with the free American system. Neither are allocations nor priorities. They are just as contrary to the free American system as is the regulation of rents, wages, and prices. We have to enact a law which so far as possible will meet the conditions that may arise.

The amendment which I intend to offer to this bill makes the bill conform to the bill as originally reported by the Banking and Currency Committee of the Senate. It would give the President on declaration of war or on the finding and declaration by himself that a great national emergency exists authority to control wages, prices, and rents.

If an emergency should arise, it seems to me it cannot be controverted that it will be essential to act speedily and with secrecy because as soon as the emergency arises the public will be apprehensive and will anticipate it. Then if there was any effort made to impose these controls there would be an upsurge in rents, wages, and prices. It is therefore essential to have expeditious action in this matter. If you do not you are going

to have confusion that will be hard to overcome. There will be an upsurge in prices, in rents, and wages, and they cannot be rolled back; it would be absolutely impossible to roll them back. The only way you can control them is to freeze them at the level they are when the freeze goes on, and the President would have that power. Do you not trust the President? It gives him the power for only 90 days.

They talk about it being a delegation of legislative power. There is no delegation of legislative power. We could recapture what we have given to the President in a day if the Congress chooses to act. They give him this power to freeze for 90 days, but in 2 days or 3 days, if the Congress wants to act, they could take it away from the President and could act themselves. That was the bill as it was introduced in the Senate.

The Byrd amendment provided on the declaration of war or by a concurrent resolution declaring and finding that there was a grave national emergency, that these powers could be exercised by the President. Is anybody so credulous as to believe that when that power is conferred by the two branches of Congress there is going to be no debate; that it is going to be done expeditiously? Why, 3 or 4 Members of the other body who are opposed to immediate action or who may not be entirely in accord with the procedure, could hold this matter up for a month. You say that they would not do it? Maybe not, but I say also that the President would not misuse this power. No President would use the power that is given to him tyrannically. No President would desire to use it for any purpose except for the public good. It is essential to place it somewhere, and the only place it can be put where it will be expeditiously used for the benefit of all the people is in the President of the United States. That is the most essential thing, it seems to me, that could be in this bill. Allocations and priorities can be used for the benefit of our Government, for the benefit of industry, for the benefit of a world defense emergency, but when the great emergency comes, one that may mean weal or woe for the people of America, there must be expeditious action. You say the Congress will act speedily, but it seems to me the most vulnerable spot in America for our unconscionable enemies to attack would be the city of Washington. If a bomb fell on the Capitol of the United States when the Congress was in session, there would not be a quorum left and no action could be taken. Now you cannot destroy the President. There are nine persons who are in line of succession for the Presidency, and I understand the President himself is protected in case of a raid of that kind. So, all of these things must be considered, and to say that in an emergency of this kind we ought not to trust the President seems to me a criticism of our form of government and of the confidence we must repose in the man whom all the people, whether they voted for him or not, have agreed should be the President of the United States, because acquiescence in the will of the majority is as fundamen-

tal to us as the Constitution or the Declaration of Independence. It seems strange since we have had the election that the Members on this side of the House have wanted to give the President the powers he should have, and the opposition has been largely from his own party. I just do not understand that. I think this is a very grave question.

If we have no apprehension that anything is going to happen to us, let us not pass any more of these laws. It seems a pity that the rulers of a foreign country can hang the sword of Damocles over the American people that causes us apprehension and makes many unhappy.

The only way we can show them that we are prepared is to give our Commander in Chief the powers he ought to have in this particular matter. You talk about the powers of the President. You are afraid to give him this. The President is the Commander in Chief of the armies and the navies of the United States. He could take the commanding general out of the field and say, "I command." He could take the commander of the fleet off the bridge of his battleship and say, "I desire to command the fleet." He has that power, not by act of the legislature but by the fundamental law of the land.

Then when we want to entrust him with this power for 90 days we say no, we should not do that, we should retain our legislative responsibility. When we delegate it we have delegated nothing. When we give him something that we can take back immediately it is not much of a gift. If the Congress felt it could act more quickly and better than he could, it could still act, but it will not do it. The President is in a position to have more reliable information before anybody else as to when there is a grave national emergency. He has sources of information that others do not have. He has sources of information that the Congress does not have. When he declares there is a grave national emergency and puts on this freeze you may know that there is a grave national emergency, that war is inevitable and not far off. He will know that before you and I will know it.

When this amendment I shall offer is submitted to the Committee of the Whole, and it will be offered after the reading of the bill, for it is a new section, I hope you will vote for it. I hope you will vote for it because it is an expression of confidence in the President of the United States. I hope you will vote for it because it is a measure of real defense, because the control of wages and of prices and of rents is a thing very essential to our national security and our economic stability.

Henry L. Stimson was Secretary of War in Taft's Cabinet. He was Secretary of State in Hoover's Cabinet. He was Secretary of War again in Franklin Roosevelt's Cabinet, and he was Secretary of War in Truman's Cabinet. He ran once as a Republican candidate for Governor of New York. He was appointed by Taft as Governor General of the Philippines. He was a Republican. He came before our committee during the last war pleading that we put on stronger

controls, because he had statistics that if the cost of materials rose 2 or 3 percent the cost to the Government would be in the billions of dollars. He was not for controls. He was a conservative but he pleaded for controls with the impassioned fervor of a public officer anxious to do his full duty. We are not for controls. Because I stand here and plead for this does not mean that I am for controls. I think controls should be lifted. But when the emergency comes, it will cost the Government of the United States billions and billions that it otherwise would not cost, unless a freeze is put on immediately. I want you gentlemen to think of that when this amendment comes before you for consideration. It is the only way we can get a freeze, to place it in the hands of the Chief Executive. It is the only way you can get an expeditious, a speedy, and a secret freeze. I hope you gentlemen will vote for the amendment when it comes before you.

The CHAIRMAN. The time of the gentleman has expired.

WHAT IS RULES COMMITTEE FOR?

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, when we discussed the rule providing for the consideration of this bill, it was suggested that we should change the rules of the House in order to reach our objective. I do not agree that we should do that at all or that we should have to do it. It has always been my understanding that a Rules Committee is set up for the sole and only purpose of granting special rules for the consideration of bills. If it does not have the power and the authority to grant special rules, and may only act under the general rules of the House, there is no justification for the existence of the Rules Committee.

But I know, and you gentlemen know, that that is exactly why the Rules Committee is set up, to make an exception to the rules of the House; to make special rules. And what fairer rule could we ask than to give to the minority a rule to carry out what has been the traditional policy of this parliamentary government for over 160 years, that the minority shall have the right to make a motion, with instructions, to recommit a bill and have a record vote on that vote? If we are denied that right and told that we must seek our recourse in the Committee of the Whole, then we are told that we are not entitled to a record vote, that we should have rules that will not permit record votes to be taken. Of course, that is not right at all.

I see the distinguished gentleman from Virginia [Mr. SMITH]. He is a very able and powerful member of that fine Committee on Rules. I desire to invite the gentleman's attention to the fact that in two instances in the last week the minority has been imposed upon. The minority was not deliberately trapped, but the minority has been gagged, and gagged to the extent that the rights of a Representative in a representative government have been denied to him. I hope that the gentleman from Virginia [Mr. SMITH] will keep that in

mind and give it consideration; that he will never permit a rule like this to come out again, without his objection and the objection of the other Democrats.

Before the Rules Committee yesterday it was generally agreed, I thought, that during the time the Democrats were in power a rule like this was not presented except in a few exceptional cases, cases I happen to know, where the Members on both sides of the aisle wanted the situation to exist that way; otherwise, it was not presented in that manner at all. That discussion went on in the Rules Committee yesterday. I am not saying anything I should not be saying. If it had been executive, I would not be saying this. But that was an open meeting. We were given to understand that we were exactly right, that we should have an opportunity to make a motion to recommit, that the Rules Committee was sorry that the situation happened as it did last week, and that they would correct it in that one particular rule. But when the rule was written, it did not have that protection for the minority members.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. First I want to say that the gentleman complimented me by saying that I was a powerful member of the Rules Committee. The Democrats are not very powerful any more in the Rules Committee, as the gentleman from Texas [Mr. PATMAN] knows.

Mr. PATMAN. I know that we as Democrats are pretty low on the totem pole, but the gentleman from Virginia [Mr. SMITH] is pretty high on the Rules Committee totem pole.

Mr. SMITH of Virginia. What I want to say to the gentleman is this. In substance I thoroughly agree with the principle which he has now enunciated. I think, no matter which party is in power, the minority party should have every possible right to have its position made known as a matter of record.

It was my understanding, in the discussion yesterday—apparently I misunderstood the situation—but I understood that what the gentleman was going to have was a rule that would permit him to make a motion to recommit, with or without instructions. Apparently I was under a misapprehension about it, but that was my understanding.

What I rose to say was this, if the gentleman will permit, that in the future—and I see a really powerful member of the Rules Committee now sitting in the chair—that in the future, no matter which party is in power, it seems to me it is the fair thing that the minority should have every opportunity to get its views expressed and to have a recorded vote on the floor of the House; and that can only be done by a motion to recommit, with or without instructions.

Mr. PATMAN. I thank the gentleman. It is my understanding that after the Rules Committee had the meeting yesterday—of course I do not know what went on in the executive session, but someone said it was a violation of the standing rules of the House to grant that kind of rule. Now, I have recollection

since I have been here in Congress that rules have been granted for motions to recommit with or without instructions; and I reiterate that that is what a Rules Committee is for, to grant special rules to take care of special cases under special conditions, and I am glad that the gentleman from Virginia is going to take it upon himself to insist that hereafter no such gag rule as we are having on this bill today and as we had on the small-business bill the other day will come on the floor of the House without an objection from the Democrats.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kentucky.

Mr. SPENCE. Do not all rules that waive points of order violate the rules of the House?

Mr. PATMAN. Why, certainly. That is what the Rules Committee is for. I would like to know—and I will yield to any Rules Committee member who is here within the sound of my voice to answer: Is there any other justification for the Rules Committee except that?

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I said I would yield to a member from the Rules Committee.

Mr. HALLECK. To a member of the Rules Committee?

Mr. PATMAN. Yes.

Mr. HALLECK. I am not.

Mr. PATMAN. I said I would yield to any member of the Rules Committee who has any different understanding than that, and I would like for him to get up here and ask me to yield.

I will be glad to yield to the gentleman from Kentucky.

Mr. SPENCE. Is it not fundamental in the rules of the House that the Committee on Appropriations appropriates but does not legislate, and in waiving all points of order is not the Appropriations Committee put into the business of legislating?

Mr. PATMAN. They certainly are, and they should not be; it should be stopped. But the Rules Committee recognizes it and makes it valid by granting a special rule that permits it.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. HALLECK. Just so it will not appear that the gentleman's challenge has gone unheeded, I looked around and it just so happens at the moment that except for the occupant of the chair, who is in no position to make a response to the gentleman's question, there is no Republican member of the Rules Committee present.

Mr. PATMAN. The majority leader is on our side in this because he is on record on April 13, 1951, as saying this was a tragic rule, that it was not right.

Mr. HALLECK. Mr. Chairman, will the gentleman yield to me at that point?

Mr. PATMAN. I yield.

Mr. HALLECK. And did the gentleman or the people on his side make any effort at all to change the rules?

Mr. PATMAN. Well, we did not have rules like that.

Mr. HALLECK. As a matter of fact, if the gentleman will yield to me, I have been on the receiving end of this type of rule for almost 20 years except 2 in the 80th Congress when we were in the majority; and, certainly, if it was all right all the time you Democrats were in power, then it seems to me to be somewhat of a crybaby to complain about it when the Republicans happen to be in power.

Mr. PATMAN. As I say, the majority leader is on our side, but the fact is that that just did not happen during that time at all; there were only a few special cases where the minority did not object, and the gentleman cannot point to an instance where the members of the minority objected to such a rule in a situation like that, not one time. It was always done with their knowledge and consent; and the gentleman's own record shows he is on our side. I am glad he is, too. There it is. This rule is against the interest of fair consideration in the House. I do not want the gentleman to keep on talking now because I want him to stand hitched on this exactly as he was on April 13, 1951, when the gentleman from Missouri made a motion to recommit.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. COLMER. Since the gentleman saw fit to challenge me a moment ago—

Mr. PATMAN. No, I did not challenge the gentleman; I just challenged the Rules Committee en bloc.

Mr. COLMER. I know but my friend referred to those within the sound of his voice.

Mr. PATMAN. That is right; I did.

Mr. COLMER. I appeared to be the only member of the Rules Committee present at that time. I have no desire to get into any extended argument with my friend. I made my statement in the consideration of the rule. I also discussed the matter with the gentleman prior to that time, and I gave him 10 minutes to express himself where I took only 5 on something I was interested in.

Mr. PATMAN. But what I said was on the gentleman's side, I was not talking against the gentleman. What I was saying the gentleman is in favor of.

Mr. COLMER. But to come back to this proposition, and I do not want my friend to be putting words in my mouth. I may not have too strong convictions on this, but those I have I want to express for myself, and my friend knows I have the kindest of feeling toward him. But let me say to my friend first about what the duty of the Rules Committee is. I have been a member of that committee now for several years and I have sometimes wondered myself, but I have been told repeatedly that it is the arm of the leadership and that it serves as the traffic cop to get legislation to the floor of the House. I found sometimes when my own party was in power that when we wanted to do some things up there—that is, that I wanted to do and that some of the rest of us wanted to do—we

were told we were just an arm of the administration. In this particular case, having consulted the Parliamentarian and influential Members of the minority, and feeling it my duty in this particular case to try to protect the minority, I made the statement and I stand by it that there is nothing unusual about the form of this rule. It is a practice that has been followed and if it is not what it should be—and frankly, I do not think it is, I think the minority ought to have that right—then you ought to change the rules of the House. What the gentleman proposes here is an innovation. I will go along with the gentleman on changing the rules. Certainly, as one member of the Rules Committee I do not want to be arbitrary or take the position that the minority party shall not have its rights. I do make the statement again that this is a procedure that has been followed in the past, and if the gentleman will start a movement to change the rules I will go along with him.

Mr. PATMAN. Mr. Chairman, I was glad to yield to my distinguished friend. I was not attacking him. I knew he was on our side. And I was not attacking any one member of the Rules Committee personally at all. I am stating it is traditional in this House, and should be in any representative government, that a minority shall be protected. The first step toward a dictatorship is to crush a minority, to gag a minority, and we do not want to go in that direction. So this is gagging the minority.

I do not have time to discuss what I really wanted to discuss when I asked for this time, so I will wait until the bill is being read under the 5-minute rule and try to get time then. There is one point I would now like to discuss, however.

The gentleman from Michigan mentioned two votes on amendments that I was interested in so far as the Small Business Administration bill was concerned and referred to their not receiving a big vote in the Committee of the Whole. The reason we are entitled to a record vote is because when you are in the Committee of the Whole you cannot get a record vote. The majority party has its active and efficient whip out to get the Members here to support the majority views and they almost invariably have more Members on the floor than does the minority. That is no reflection on the amendment. Because it fails in the Committee of the Whole on a standing vote or a voice vote is no reflection on the amendment. That is the object of getting a record vote in the House of Representatives. You put the Members on record and see how the party stands on particular issues. I insist that even the minority as it is now constituted is entitled to that right.

Mr. TALLE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. McVEY].

Mr. McVEY. Mr. Chairman, the Banking and Currency Committee of the House has modified in an important manner S. 1081 as this bill passed the Senate. Important among these modifications is the elimination of the standby controls or authority to promulgate a

90-day freeze of prices, wages, and rentals as a result of a declaration of war or whenever the Congress shall determine that a grave national emergency exists.

It is the majority opinion of the House Banking and Currency Committee that the Congress can act with sufficient promptness in the event of war to deal with any emergency that may arise. Legislation now making provision for standby controls or authority to freeze the economy is unwise and might be found to be unworkable to meet conditions which may arise at some unforeseeable time in the future. If a 90-day freeze authority is needed, it would take the Congress no longer to pass such legislation than to make a declaration of war or declare that a grave emergency exists.

Those who argue for standby controls relate experiences which obtained after our entrance into the struggle in Korea. It is true that it took several weeks to provide control legislation after the events of June 1950, and that the President did not exercise his authority given him by the Congress until more than 6 months after that war had begun. However, this delay cannot be blamed upon the Congress. The President was calling that incident a police action, and police actions prior to that time had not greatly disturbed our economy.

The President was saying that he thought controls were unnecessary. His thinking in that respect is borne out by the fact that he did not use the authority vested in him until about 3 months after the Congress had passed such legislation. This delay on his part proved to be a colossal blunder, because it was during that 3 months' period that prices rose rather precipitately. Most of the rise in prices which took place after Korea occurred during those weeks in which he delayed using the authority which the Congress had given him.

It is evident, therefore, that any comparison between the delay in control legislation that took place after Korea and what might happen should Congress suddenly declare war is most fallacious.

In the hearings conducted by the House committee the preponderance of evidence was against the adoption of control legislation at this time. Mr. Arthur S. Flemming, Director of Defense Mobilization, who presumably speaks for the administration, did not ask for standby controls when he appeared before our committee. He stated it to be the objective of the administration to rid the American economy of direct controls.

The President in his state of the Union message said:

The great economic strength of our democracy has developed in an atmosphere of freedom. The character of our people resists artificial and arbitrary controls of any kind. Direct controls, except those on credit, deal not with the real causes of inflation but only with its symptoms. In times of national emergency, this kind of control has a role to play. Our whole system, however, is based upon the assumption that, normally, we should combat wide fluctuations in our price structure by relying largely on the effective use of sound fiscal and monetary policy, and upon the natural workings of economic law.

Mr. Flemming did state, however, that the authority to require preference in the performance of contracts and to allocate materials and facilities for the national defense should be extended to June 30, 1955. This authority is needed and the House Banking and Currency Committee has provided for authority to allocate materials and facilities for national defense purposes. Mr. Flemming further stated that—

Because our increased industrial capacity is not now devoted to all-out war production, we have been able to catch up with the extraordinary defense demand in many important areas, and as a result the supply of most basic materials is now substantially in balance with demand.

This report is encouraging and indicates that the production for national defense will proceed with a minimum of disturbance to the civilian economy unless some greater emergency arises.

Continuing with Mr. Flemming's testimony, he had the following to say regarding a 90-day freeze:

We recommend that the question of whether or not the President should be given authority to impose a 90-day freeze on prices, wages, and rents be decided on the basis of whether or not the Congress, in its judgment, could act quickly enough to grant such authority in the event of an emergency.

1. In testimony before the Banking and Currency Committee of the Senate, I said:

"Consistent with the President's desires to free the economy of controls, we hope that the Congress will decide that, in the event of an emergency situation, it could move rapidly enough in providing authority for a freeze to deal with the problem in an adequate manner."

There are effective ways to control inflation without direct controls of the nature we have practiced since the outbreak of World War II. Direct controls have not prevented inflation as we well understand today. Under our system of direct controls, we have seen the purchasing power of our dollar decline almost one-half; misery has been brought to those who had expected to spend their declining years in comfort with their retirement allowances or money saved during their productive years; we have seen the value of life insurance policies, savings deposits, E, F, and G bonds decline to the extent of \$1,901,000,000 since the year 1940, or 60 times the amount of loss through the closing of the banks in the early thirties.

This calamity which the American people have endured was due to the lack of courage to promote sound fiscal policies. Inflation can be prevented if the will to control exists. Inflation is due to an excess of money and spending in relation to the supply of available goods. This excess of spending power is due to deficit financing on the part of the Government or to an undue expansion of the currency. Such policies place potential spending in the power of the public without an offsetting increase in the quantity of goods to be purchased.

Excess spending power is created in time of emergency because much effort is consumed in the production of implements of war which the people do not purchase. This excess in spending

should be drained off by collecting from the people sufficient taxes to place war costs on a pay-as-you-go basis. This program might seem painful at the time, but in the end the cause of the people would be served by the prevention of inflation and the depreciation of the purchasing power of the dollar with all the unfortunate results which inevitably occur to savings, pensions, and the future happiness of mankind.

The failure of governments to put the cost of war on a pay-as-you-go basis has brought downfall and wreckage to many nations and empires as history so clearly reveals. A policy which drains off excessive spending in time of war and restrains expansion of money and credit stops inflation at its source, and while it may be painful at the time, it prevents the piling up of huge debts which constitutes a drain on the purchasing power of a people for generations to come—in good times and in bad—because interest on debts must be paid and the integrity of a nation demands that in time debts themselves shall be liquidated. Another concomitant of this policy is that wars will become less popular.

The money policy of a government is a potent force in generating inflationary spirals. The record plainly shows that our Government's fiscal policies have promoted inflation. Extremely easy money has been a major factor in this build-up. Federal Reserve discount rates were never below 3 percent prior to 1930 and were at times much higher than that. During the 20 years following 1933, discount rates were pushed down to 1½ and then to 1 percent. While World War II was in progress preferential rates were as low as one-half percent in short-term Government securities. The currency was deliberately inflated as an anti-depression device, and with this policy there is no quarrel as long as the depression lasted. But there came a time, under the impetus of full war production, when the policy was continued for other purposes. It was continued for the purpose of financing Government deficits and refinancing the public debt. It then became the mainspring for the expansion of currency and bank deposits which provided the fertile soil from which inflationary spirals spring. Had we made a serious attempt to pay for the cost of war as those charges arose, we would have a sound currency today and the dollars which we have would have the same purchasing power they had in days gone by.

Inflation is like a narcotic drug; it is exhilarating and pleasing at first, but when followed to excess means ruin and despair. Our Government is now trying to reverse this trend toward cheap money, and we must have the courage to support it. It is recognizable in the increase in interest rates, determination to balance the budget, and relaxation of direct controls. This policy represents an indirect control over inflation, but it is much more effective than direct controls such as we have experienced in recent years. Direct controls regiment a people, but they do not strike at the source of inflation. Indirect controls do

this, but they require fortitude and a high-caliber leadership on the part of the Nation.

Direct price and wage controls have really done a disservice to the Nation. They have not held down the cost of living, as we well know. They have caused great anxiety and inconvenience to both labor and management. Indirect controls could have done the job much more effectively if our leadership had possessed the courage and the fortitude to carry them into effect. They would have struck at inflation at the source instead of attempting to administer a palliative.

Senate 1081 provides for standby controls. I believe this provision is unnecessary, and it is my hope that should another great emergency befall this Nation we shall by that time have worked out methods to control inflation which will do the job effectively without the necessity of regimenting our entire economy.

It is my feeling, therefore, that the elimination of standby controls as provided in the plan of the House Banking and Currency Committee should be supported overwhelmingly by the House of Representatives.

Standby controls could render a disservice to the Nation by diverting attention from more essential indirect controls. The threat of controls might conceivably generate waves of scare buying which are a contributing factor to a rise in prices. Standby controls would inhibit long-term planning and create much uncertainty on the part of business management. As one witness before our committee so aptly stated, "They would hang like a sword of Damocles over the head of every farmer, every businessman, every landlord, and every worker, jockeying each one into a position where he must not be caught in a freeze with his prices, rents, and wages at a low vulnerable point."

For these and other reasons that might be enumerated, standby controls should be eliminated from any defense production legislation to be enacted at this time.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. McVEY. I yield to the gentleman from Kentucky.

Mr. SPENCE. I never meant to say that the President asked for standby controls. I do not know what the President asked for.

Mr. McVEY. I know that is true.

Mr. SPENCE. He may have told the other side what he wanted.

Mr. McVEY. I was speaking about the misunderstanding in the minds of some Members on our side of the House, as a result of statements you have made on the floor.

Mr. SPENCE. They were under a misapprehension.

Mr. McVEY. That is true, I should like to clear up that misapprehension.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. McVEY. I yield to the gentleman from Iowa.

Mr. TALLE. The gentleman is making a good speech. I should like to clear

up one point. The gentleman mentioned roughly 3 months as the period during which the President failed to enforce the law, the Production Control Act of 1950. The period was longer than that. It was from the 9th of September, 1950, to the 26th of January, 1951.

Mr. McVEY. That is true, more than 3 months elapsed after the legislation was passed before the President saw fit to use controls.

(Mr. McVEY asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, it seems as though one of the new requisites for qualification for membership in the House of Representatives is the ability to close your eyes to past experience and ignore all that our history teaches us. Within our own very short memory we have had three experiences when wars and emergencies came upon us and the Congress was asked to act, and was required by the situation as it confronted us to act expeditiously. In each of those three instances despite the stress of the times, despite the demands of the economy of the country, the Congress sat back and fiddled and talked and did not act.

Now, you can stand here today and say that when the time comes the fourth time within our lifetime—none of us want it to happen; we are preparing against what may happen and trying to get ready for it—you can nevertheless stand here and also vote here that you do not need to prepare for the emergency when it comes upon us the fourth time.

You can argue, as has been argued here today, that when that emergency strikes the fourth time we will act within a matter of hours. You can refuse to contemplate the possibility that there may be no Congress available to act when the next emergency occurs. You can close your eyes to the fact that if an atomic bomb is dropped by an enemy on the District of Columbia there will be no place within which to convene the Congress. You can close your eyes to the contemplation of the fact that even with all the transit facilities put at our disposal by the President in the event of an atomic attack by an enemy, you may not be able to get a quorum of the Congress together to act if that emergency strikes.

We on the Democratic side trust the President of the United States, even though he is of the Republican Party. We are willing to give to him the powers the Republicans have always refused to give to any President heretofore, because we know that three times since 1914 the Congress has failed to act promptly in order to save the economy.

It is all right for you to say that although you enacted a law in September of 1950 it was not until January of 1951 that the President acted, but history will tell you, and if you forget it look at your CONGRESSIONAL RECORDS and your debates, and say what you did. When we needed a control law and needed it

promptly the Congress would not enact it except that you said to the President, "Before you try imposing controls, ask the economy of the country and the business and industry of the country to do these things voluntarily, and if you find when you ask them to do it on a voluntary basis that they will not respond, then, Mr. President, you can act."

So it took you from the time of the Korean onslaught in the early summer of 1950 until the fall of the year to enact the legislation, and then you tied the President's hands and he could not give you effective controls until 1951. The result was that prices went up, you had inflation at its worst, and we could do nothing to stop that inflationary spiral and keep prices down.

Now we are given the argument that if you put any legislation on our statute books at this time, you are going to frighten the economy of the country and push prices up. Look again, if your memories are so short, at the CONGRESSIONAL RECORDS of the debates of only last year. I remember how the cry went up from the well of this House, and it is recorded in black and white in the CONGRESSIONAL RECORD, that "prices have come down under the ceilings, they are well under the ceilings, and we do not need the control legislation any more."

You had the control legislation then and it was not keeping prices up, it was not pushing them up. How can you stand here today and argue that if you put this freeze authority on the statute books of the Nation that is going to push your prices up and cause the industry to be afraid?

The fact of the matter is that when we were talking about putting on control legislation immediately after Korea everybody tried to jump the gun and rushed in and pushed his prices up. By the time we got the control legislation on our books prices had gone sky high and we could not roll the prices back.

For several months now we have been talking about giving the President not the right to control the economy now, but the authority in the event of a war or in the event of an emergency, to freeze rents, prices, and wages for 90 days.

If we can act within a matter of hours to give him authority in the event of an emergency we can act within a matter of hours to take it away from him if he should impose it when he should not do so.

During all these months we have been talking about giving the President this standby authority prices have not gone up, prices have been coming down. As a matter of fact, the Government, this very administration, now is thinking of reversing its own action which it thought was necessary to stop inflation. It did the wrong thing, as we warned on the floor of this House. Now it is considering reversing that plan so that prices shall not go down too far. They want now to stop deflation, and yet you are saying that maybe you will scare the industry of this country into raising prices if you give the President the right, in the future, in the event of an emergency, to freeze everything for 90 days,

and at the same time reserve to yourselves, the Congress, an opportunity then to decide what you should enact by way of detailed legislation.

There has been no more vigorous opponent of control legislation in the history of control legislation in this country than the United States Chamber of Commerce. The United States Chamber of Commerce on May 28 wrote to the chairman of the House Banking and Currency Committee, and sent copies to each of the Members. The writer starts his letter as follows:

The Chamber of Commerce of the United States recommends that your committee approve legislation to provide for a 90-day freeze on wages, prices, and rents in case of war.

The only difference today between those of us who are advocating this standby 90-day freeze, and the Chamber of Commerce, is that we say war is war and is just as bad whether it be a hot war or a cold war; that an economic war is just as bad for this country as a war with weapons. And those of you who know your history of the Communist movement, and know their aims, know that the Communists say, "We can destroy any free country by destroying its economy just as easily and just as readily as we can destroy it by arms."

Those of you who want to close your eyes to the realities will vote against giving the President the right to freeze wages, prices, and rents in the event of an emergency, subject always to our right to change whatever he may do and change it just as promptly as you argue you can give him the authority.

Mr. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. MULTER. Now I am glad to yield to my distinguished colleague from Kansas.

Mr. GEORGE. I hope the gentleman realizes that he has done a very good job of indicting his own party. The three times that we have been led into a war and into a bad inflationary spiral have been under a Democratic President, with control of both the House and the Senate in your party.

Mr. MULTER. If it will make the gentleman any happier, I will plead guilty for the party and say, let us learn by experience. But I do not agree with the gentleman at all.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MULTER. I do not agree with the gentleman at all that it is an indictment of the Democratic Party, because all legislation is a matter of compromise. We had to get the gentlemen on the minority side to go along with us, as well as the gentlemen on the majority. We did not have enough Members on our side at all times to put over this legislation. Some wartime legislation did go through without a dissenting voice but most control legislation was enacted only after bitter controversy and by small majorities. So the indictment cannot be leveled solely against the Democratic Party. But whether you do so or not, I say, let us learn from that experience.

Let us not be children. Let us say that what was done is in the limbo of the past but the future is going to be different.

Mr. GEORGE. Of course, we are under new management, and I have confidence that this body as now constituted can act promptly and will.

Mr. MULTER. I hope that the future will bear the gentleman out as being right. I know you are going to be proved wrong. I know that we cannot rely on prompt action being taken in the event of an emergency. You will argue on this floor for weeks before you enact any control legislation.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman says that we should give these standby controls to the President, and if he does not use them wisely we can go ahead and take them away from him. Did the gentleman ever give a youngster an all-day sucker and give him one lick, and then try to take it away from him?

Mr. MULTER. Please, let us not compare President Eisenhower to a youngster, with a stick of candy that you want to take away from him. We will have to take no stick of candy away from your President, from our President.

Mr. McVEY. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Illinois.

Mr. McVEY. Did the gentleman mean to give the impression that the United States Chamber of Commerce wants standby price control legislation as set out in the bill?

Mr. MULTER. They want precisely what I read to you. They say, we should give the President now the right to freeze prices, wages, and rents in case of war. That is precisely what they say in writing. I quoted them verbatim.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Iowa.

Mr. TALLE. Mr. Chairman, referring to the letter from which the gentleman from New York [Mr. MULTER] read the first paragraph, that is, the letter dated May 28, 1953, I should like to supply the fourth paragraph from that same letter:

We oppose any form of standby controls or the enactment of authority for such controls on a standby basis. Certainly no standby organizations for wage, price, and rent controls should be maintained.

Mr. MULTER. Let us not confuse the issue. There is no one, so far as I know, no one arguing on the floor of this House for any standby controls to be written in any extended or detailed form, or for any standby control organization. All we are saying here, all we are suggesting, is that you give to the President the right to freeze right across the board, in the event of an emergency, prices, wages, and rents. Then we, the Congress, in that 90-day period, will work out the detailed control legislation and determine what kind, if any, of controls and control organization there must be. That is all we are asking for, and that is pre-

cisely in accordance with what they say in the first two paragraphs. The only difference between us is they say in case of war, and I say economic war is war.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. TALLE. I may say that certainly a 90-day freeze is in the nature of a standby control, and I understand the Chamber of Commerce of the United States has been trying ever since May 28 of this year to explain away the inconsistency in its letter.

Mr. MULTER. No; I think the English is not capable of any misconstruction. Standby control means you have controls and you are standing by. The freeze authority is not standby control. Authority to freeze is given him in the future to freeze everything; yes, it is a type of control, but it is going to say to the economy of the country "You stop right where you are; we are in an emergency. We do not know how far we are going to let you raise your prices if at all. You have done all right up to now. As of now you do not increase any prices; we are going to hold the economic system as it is now because this is an emergency." In the 90 days that will ensue after the declaring of the emergency this House will say how far it is going to let them go. We know from experience that once prices are raised they cannot be rolled back.

Mr. McVEY. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. McVEY. How long would it take the Congress to pass the 90-day freeze order in the event of war?

Mr. MULTER. We were told by Mr. Fleming that he should have that power within 10 days, but I say from past experience in crises we have had that you will not get a standby freeze or any control law in the event of an emergency in less than 2 months.

Mr. TALLE. Mr. Chairman, I yield 6 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, I think we are about to make the same mistake that we made in the past, underestimating our enemies' potentialities. During World War II I remember the counsel given us that Russia could not last more than 6 weeks, that Japan could be disregarded because they could not see, although the folly of that was certainly evidenced by the way they handled their planes. We have seen how wrong we were. I think that today we are underestimating the power of a potential enemy who might attack the United States as it has never been attacked before and in a most destructive manner.

It is extremely disappointing to me that the committee saw fit to take out standby controls from this proposed bill. I feel deeply that the economic defense of the United States is being prejudiced by the failure of Congress to act at this time.

Just recently I was a member of one of the congressional groups that witnessed the atomic explosions in Nevada. That experience has etched itself in-

delibly on my mind with the appalling possibilities of what might happen to this country with a full atomic conflict. Suddenly and perhaps launched from hundreds of miles away guided missiles might be delivered to key spots throughout the length and breadth of the United States. Such an attack could bring confusion beyond description, population and material losses of terrific proportions, and could devastatingly destroy the seat of our National Government.

To rely on the ability of Congress to act expeditiously and legislate quickly is to tamper with the national security. The Capehart bill as originally presented in the Senate sought only to give temporary authority to the President to freeze the economy of our Nation for a 90-day period. This could be changed by concurrent resolution of both Houses within a very short period of time if Congress saw fit.

We had an awful example of what takes place in the advent of sudden war with the Korean episode, the invasion of South Korea occurred on June 25, 1950. In discussing changes in prices that occurred following the invasion you have to remember three things: First, the attack occurred on the other side of the globe, it did not occur to the United States; second, only small forces were involved; and, third, conventional types of weapons were used. Nevertheless, with such a small-scale operation the impact on prices within the United States was immediate and direct. Prices began to respond immediately with basic raw materials leading the way for the rest of the economy. Here are some figures showing what happened: Hogs went up 10 percent in the first 2 days; coffee, 7 percent the first week; tin, 10 percent in the first 2 weeks; and rubber, 28 percent. Within 3 weeks wool had gone up 8 percent, cotton 11 percent, coffee 15 percent, cottonseed oil 18 percent, print cloth 18 percent, lard 20 percent, hogs 22 percent, tin 26 percent, tallow 35 percent, and rubber 37 percent.

In the 11 weeks until September 8, 1950 when the Defense Production Act became law steel scrap rose 10 percent in price, cotton rose 20 percent, print cloth 38 percent, lead 39 percent, wool 51 percent, rubber 95 percent, and tallow 146 percent.

Full-scale attack on our own homeland could mean inflation overnight to an extent unknown in our history.

In the event of atomic war, the question preeminent in the minds of all Americans will be survival. Profits, wages, hours, rents, credit, and the like will, I am sure, be of secondary consideration. After all, our prime stake in America is our family, their health and well-being.

Failure to have the ability to act promptly can well result in a vicious inflationary spiral, creation of quick shortages and serious economic dislocations overnight.

If the argument is used that Congress can act expeditiously it would have the power to act just as expeditiously under a temporary Executive freeze authority. And if 90 days seems too long a freeze that can be reduced to 30 days.

I do not want to be one who failed to see the extreme danger to which we can be subjected and I shall support floor action to restore Executive authority for a temporary freeze. My past record will show that I normally abhor controls and have voted consistently to eliminate them. I have confidence in the President of the United States, and am certain the authority would not be invoked unless absolutely in the interest of the national welfare.

God forbid that we shall ever face the calamity of atomic destruction. We must face the realities of the world in which we live and be prepared to the hilt to face the destructive economic forces set in motion by such an attack. I want to urge upon the Members of this House the very serious consideration of a standby control program.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from New York.

Mr. JAVITS. I want to commend the gentleman for his statement and tell him that I will vote as he says and as he recommends. I assure the gentleman that his thinking is modern and that is what the modern day requires.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from New Jersey.

Mr. CANFIELD. I think my friend and colleague from New Jersey is being very realistic. I commend him for the statement he has just made and I associate myself with him in his appeal for standby controls. I, too, saw the same things he saw on the Nevada desert only a few days ago and I cannot help but feel that in these days of undeclared wars featured by an atomic weapon race the amendment discussed would be a powerful and necessary weapon in the hands of our President should all-out war be thrust upon us. We know Bernard Baruch told us the truth in yesteryear. He is telling us that now.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from California.

Mr. HOLIFIELD. May I say that the gentleman has made a very fine and thoughtful statement. His reference to the possibility of disaster in case of an atomic attack I assure him is not overdrawn and I wish to ally myself with the gentleman's sentiments and shall vote accordingly.

Mr. TALLE. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. MERRILL].

Mr. MERRILL. Mr. Chairman, the first point I would like to make to the members of this committee is that there has been a lot of talk about the need for standby authority to freeze prices and wages because of the possibility that this Congress might be immobilized or might be destroyed by atomic action. I think it is one of the elementary principles of our constitutional government that in the event this Congress is unable to act because it has been destroyed or immobilized due to an attack against the United States, if for any reason this Congress cannot act under such circum-

stances, then there is no question in the mind of any constitutional lawyer, I am sure, but that the President of the United States has the complete power to declare martial law and to control every segment of our life to the same extent as if we were in the Army. Therefore we know that the very fact this Congress would be unable to act because of enemy action would in itself place in the hands of the President of the United States far more power than he could possibly get through this particular act for standby legislation. The argument that the Congress could not possibly act because of being immobilized or destroyed by enemy action is one without merit for the reasons I have stated.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. MERRILL. I yield to the gentleman from New York.

Mr. MULTER. There is nothing in martial law that permits the President or anyone else to freeze prices or to control the economy. Under martial law he takes complete control of the persons that he may need, he has the power to requisition property that the Government might need to carry on its defense or the war effort; but there is nothing in martial law that would permit anybody without legislative authority to control the economy either price-wise or otherwise.

Mr. MERRILL. I think the gentleman from New York must not have been in the service where they told the barbers how much they could charge for cutting a GI's hair. There is no question but what under the military power that the President of the United States has he could control prices and wages in the United States if it were necessary because Congress was destroyed.

But that is not the major reason why we do not need these standby controls. There have been many arguments that Congress cannot act fast enough, but let us keep in mind most of these arguments have been directed toward the Korean situation. The thing we must remember about the Korean situation is that during the early stages when some people wanted economic controls imposed, it was the President of the United States who was saying he did not need them. In the Korean situation we did not have a situation in which the President of the United States came to the Congress asking the Congress to take action to give him the power to control prices and wages. Therefore, the slowness of getting price and wage controls in that economic situation have absolutely no application at the present time. Let me say this, there is absolutely no reason for having the power in the President to exercise economic controls unless he wants them. Only if the President feels that they are necessary is there any excuse at all for giving him the power, and I say to you that if the President of the United States were to come before this Congress in a time of emergency and say to this Congress, "We must have economic controls either in the form of a freeze or in the form of wage and price controls," this Congress in time of war would give it to

him and would give it to him without hesitation. You say it cannot be done. I call the attention of many Members who were here—I was not here—to the famous 100 days after Roosevelt took over. After President Roosevelt took over in 1933 we had a classic example of how a Congress can act expeditiously in an emergency, in response to the call of the President. Anybody who lived during the famous 100 days, I think, is ignoring history completely, as has been said here, when he says that it is impossible for the Congress to act expeditiously. You have history itself in the famous 100 days to show you that when the President wants emergency powers, and when the Congress is in the mood to give them to him, you give them to him.

I think it has been said by the Members who served in this Congress that they passed legislation down here at that time even before they had time to print the bill, and they can do it again. I say look back to those 100 days for history, if you want to be guided by history. But the all important thing about this important legislation that impresses me is this: We are wanting, by this method of standby freeze order, to give to the President right now the power to control a situation that may develop in 2 or 3 years. Now that is what we are trying to do. We are trying to place in the hands of the President of the United States right now the power, the tool that he will be able to use 2 or 3 years from now in a wartime emergency that we do not even now fully contemplate.

Let me show you what has happened. I think we must assume that the other body in passing the bill that we are now considering did its best. We must assume that the other body passed the best legislation that it knew how when it passed the bill that they sent over here to the House for consideration. Now let me tell you what the President has said about the standby freeze bill which was passed in the other body. When Dr. Flemming was before the Committee on Banking and Currency he said:

The way that the present standby freeze bill is written—

This bill that was sent to us and that we are going to act upon—

If the President had to use it, it would be of more harm than good when the President invoked it—

He said.

For this reason: The standby freeze order which the other body passed and sent over here provides for a straight across the board freeze for 90 days with the exception of agricultural commodities.

The President's own people, through Dr. Flemming speaking said:

What this bill would do, if we were to invoke the freeze order such as that enacted by the other body, the invocation of that freeze order would actually tie up the economy for 90 days, because you must have in any freeze order the power to make adjustments so that production can go forward.

In fact we have been told by the President that the other body was unable to write a standby freeze order that was workable. They said, "Before that

standby freeze order is put into effect, it will have to be amended."

In other words even if we take the standby freeze order of the other body and adopt it, we would not be giving the President of the United States anything at all; he would have in his hands a tool that he could not use until they came in and by the orderly process of legislation had actually amended the bill to do the job that they want done.

Now that was Dr. Flemming speaking. If the other body after full deliberation has demonstrated—And they have demonstrated—that they could not write a freeze order that is workable, that could be used in the case of an emergency—I think that they by that action have demonstrated the foolishness of trying to write at this time a standby freeze order that may be used in 2 or 3 years. If the other body could not write a standby freeze order that would be workable without amendment—and it is not good if you cannot use it immediately—then what makes us think that we can do it over here? I think the action of the other body, their failure to write a standby freeze order that could be used immediately, is all the argument we need for this thought. We know we can act in time because the famous 100 days showed that we can act in time. Let us wait, therefore, and act when the emergency arises, and put on the kind of freeze order the particular emergency at that time demands. I repeat, history has shown we can act in time if the President wants controls in time of emergency.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I asked this time from the distinguished gentleman from Kentucky, the ranking minority member of the committee, in order to keep the record straight.

When this legislation was up for enactment in 1952 I appeared before the Committee on Banking and Currency and asked for the inclusion of an amendment. The committee paid no attention to my request. I succeeded in writing the amendment into the bill on the floor of the House in Committee of the Whole, but it was lost in conference between the two Houses.

Again, I appeared before the Committee on Banking and Currency and had favorable comments on the argument I put up. Everybody said they had no objection to it, but I find it was not included in the present proposed legislation.

This amendment, Mr. Chairman, would simply protect American producers when we have a freeze order on critical materials. Hundreds of manufacturers in this country, thousands of them, were handicapped during the control period we have just gone through with by a freeze order on critical materials they needed in the manufacture of articles. This amendment would simply set up a base period of 3 years prior to the Korean trouble of 1950 in which we would set up the average import of foreign products and say to the foreign importer, "If there are any more freeze

orders placed on critical materials, you cannot exceed the amount of imports you had for the 3-year base period." In other words, it is to prevent foreign importers from taking the American market away from the American producers in case the American producers cannot buy critical materials.

Let me recall that during this Korean trouble some of the industries in my State had to buy critical materials abroad in order to keep their plants operating and to keep from losing their markets to the foreign competitors.

The committee may have reasons they have not explained to me as to why this amendment was not included. Let me say to you that I think it was necessary. If you are going to vest in the President authority to put on 90-day emergency controls, that amendment should be a part of the control legislation. There is no sound, solid argument against it. It is a matter of good business. The American producer is entitled to this protection because he is helpless, and his handicap has been imposed by the Congress itself.

Mr. SPENCE. Mr. Chairman, I yield the balance of the time on this side to the gentleman from Missouri [Mr. BOL-LING].

Mr. BOLLING. Mr. Chairman, first I would like to commend the gentleman from New Jersey [Mr. WIDNALL], the gentleman from New York [Mr. JAVITS], and the gentleman from New Jersey [Mr. CANFIELD], for the position they have taken in this very important matter of standby controls.

A good deal has been said in the discussion of this measure in the country and in the Committee on Banking and Currency and even here on the floor of the House that would lead one to believe that the existence of standby authority in the hands of the President would have the effect of a sword of Damocles hanging over the head of business, industry, and agriculture in the United States. We will remember that the sword of Damocles was a very sharp sword suspended over the head of a certain Damocles of Syracuse by a single hair. Do we fail today to grasp the nature of the threat that is over the head, not only of business, industry, and agriculture, but of every single American? It is not a sword; it is not the threat contained in legislation of this type or of any other type. The threat that confronts this country, the economy of the country, the very life of the country, is that of atomic bombs, and the aggressive intentions of a certain power. It is time to go beyond words and recognize that history does demonstrate one thing about the Soviet Union under the Communists. Ever since the beginning of the Bolshevik regime it has been the intent of the Soviet Union to achieve world domination. Basic Communist strategy has never for a single moment, much less for a matter of months or years, changed. For more than 30 years the intention of the Soviet Union has been to achieve finally complete domination over the whole world. During those more than 30 years the tactics of the men in the Kremlin have often changed, changed easily, changed

quickly, changed totally, but at no time has there been any indication that the basic strategy of the men in the Kremlin has changed. Today it may be, if we succeed—and God knows all of us desire success—in achieving a truce in Korea, that there may begin again in this country a series of events which we have experienced many times in the past. Sometimes we forget that during the War of 1812 only 5,000 troops marched through the United States and burned the Nation's Capitol at Washington. It is not new for the American people to disarm themselves, to discard their military strength too quickly. It is not only modern times which find us dropping our guard before the facts of the world situation justify our even lowering that guard. This Defense Production Act which we consider today, is an integral part of the defense of the United States of America, just as important to the strength of America as is the level of our defense appropriations, the level of our appropriations for civil defense, the level of our appropriations for the Atomic Energy Commission.

Here in this bill it is proposed to extend only those provisions of the legislation which deal with allocations, priorities, and certain encouragements to production. Because we have fallen victim to the fallacy that a piece of legislation is the most important threat to the economy of this country, we have totally overlooked the fact that the kind of emergency we may face in the future could be entirely different from any emergency we have faced in the past.

We have had in the past experience of total war, as in World War II; we have had in the past the experience of the invasion of a friendly and helpless nation by a satellite of the Soviet Union. Who in this body feels himself competent to predict what the next emergency may be? Who in this body is prepared to take upon himself the individual responsibility for predicting the actions of the unpredictable—the men in the Kremlin? Who in this body is going to go before the American people after another emergency, if one should come, and with a good conscience say that we in the Congress have taken all the steps that history, our experience, and our wisdom would encourage us to take, if we do not permit in this bill authority for the President, the President of the United States, acting for all the people of the United States, to freeze the economy in the event of a major, or even minor disaster, a disaster which would need only to have a psychological effect on the economy of the country? We do not have to have an actual scarcity of goods. We saw, in the period shortly after the invasion of Korea, inflation that could only be described as psychological or anticipatory. We saw there a largely psychological inflation that ran away with the economy, dislocated the economy in a matter of a few days.

The only wise approach to this problem is to be forehanded, to adopt the kind of provision reported out by the Senate committee which gives to the President standby authority, 90-day authority to impose an across-the-board

freeze on the economy until the Congress in a judicious and deliberate manner has had an opportunity to implement in detail the controls that we need. There is no way of telling, and there is no man in this country who can foretell, the type of emergency we will confront. Business, industry, agriculture, the whole American people are living under a threat. But it is not the threat of a Damoclean sword; it is the threat, the greatest in all the history of mankind of destruction so great that it could mean the end of civilization not alone in the United States of America but in the world as a whole. There will be offered later in the consideration of this bill a provision similar to that contained in the Capehart bill as it came from the Senate committee, and I urge the Members of this body to give the most serious consideration to the type of responsibility that an individual Member assumes when he votes against standby controls which can be used by the President of the United States only in an emergency to meet a situation which must be met quickly.

Mr. Chairman, I yield back the balance of my time.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, it will not take all of 2 minutes to cover what is left of this bill. As it stands it is almost as bare as Old Mother Hubbard's cupboard. If I thought it would avail I would move to amend the title from an act to provide authority for temporary economic controls to an act to continue the presidential captivity. The only interpretation that I can arrive at is that some of the Republicans just do not trust their own President. The only person or thing they want under control is the President of the United States. I think that is carrying an interparty feud to the length of an invitation tragedy.

Although he is not of my party, President Eisenhower is my President, the President of my country, and I shall continue in the future, as I have in the past, to defend him against these carefully conceived and thinly disguised devices to keep him the captive of an invisible government. He was elected by the majority of the American people to be President in his own right. With the exception of the tidelands oil grab, when he went along I imagine closing his eyes and holding both hands to his nose, the only substantial support to his proper presidential dignity has come from the Democratic side of the aisle.

One day he suggests what he would like done, the next day the Republicans in the Congress do exactly the opposite, and the third day the President tells a press conference that he is sorry.

It is a parade of humiliations to which no President should be submitted.

I am proud of the Democratic leadership under our beloved former Speaker [Mr. RAYBURN] and our beloved former majority leader [Mr. McCORMACK] that it has sought to uphold the dignity of a Republican President with the same

steadfastness as would be the case were he of Democratic affiliation.

I appreciate the fact that our Republican colleagues are hopelessly divided. I appreciate, too, their inexperience in handling the complex responsibilities of government. But what we are witnessing is not mere blundering. If there had been any doubt, the positive evidence in confirmation of the purpose is furnished in the bill we are debating today.

The purpose is to keep the President in captivity. I venture the purpose has been deepened in the uneasy hours of many sleepless nights with the haunting memory that it was Franklin D. Roosevelt who discovered Dwight Eisenhower, promoted him above many others in seniority, and started him on the road to glory and the White House. I imagine that it has not been conducive to sound slumber to remember that President Harry Truman said something about General Eisenhower being as fine a man as ever stepped in shoe leather.

So some of our Republican friends doubtless feel they are justified in taking no chances. They surround the President with bankers and big industrialists, just as they did Presidents Harding, Coolidge, and Hoover. But that is not enough. The President might get out of control of the advisers set up to hold monopoly to his ear. So the strategy now so familiar to our observation here on the floor of the House is to curb at every chance the Presidential power.

I have said that this purpose to hold the President in captivity is manifest in the matter of our present debate. Let me state it in simple language. We are preparing for what we do not expect, but which is within the range of possibility. I am referring to an atomic war. Certainly if we did not regard such a tragedy unhappy an event as a possibility there could be no justification for the tremendous sums of money we are pouring into the defense effort.

If war should come, we have no assurance that the enemy would respect the beauty of Washington and the comfort of our deliberations in this Chamber to the extent of routing its atomic bombs elsewhere.

Lacking that assurance, the Senate bill sought to provide for the emergency if war should come and an atomic bomb should be dropped on the Capitol. The Senate bill sensibly gave the President the power in such emergency immediately to act in imposing necessary controls. The other body adopted the Byrd amendment, denying the President the power to act. The Byrd amendment would leave everything in status quo until the Congress had been convened and had acted.

When the bill, as amended, reached the House Banking and Currency Committee, a motion was made to strike the amendment and restore the power to the President. The vote, as stated in the minority opinion of the committee report and by the distinguished chairman in today's debate, was 13 yeas and 15 nays. Even to meet the conditions of chaos certain to result from an atomic

bomb explosion in Washington the majority were not willing to repose their faith in the President of the United States elected last November on the Republican Party ticket.

I am sorry that we have been denied the opportunity of a record roll call. I think the country was entitled to know the vote of every Member of this body on the only question here involved, whether we would trust the President of the United States to act wisely and for our common security in an unexpected but not impossible emergency beyond our imagination to conceive in all its devastating and disrupting horrors. In an atomic age our thinking processes should not continue riding in a horse and buggy.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. DOLLINGER].

Mr. DOLLINGER. Mr. Chairman, it is inconceivable to me that this Republican-controlled Congress refuses to provide for standby controls as the President requested; that the Republicans do not have the confidence in their leader to give him the authority to freeze prices, wages, and rents for a limited period of 90 days in the event of a future, grave emergency. It is appalling that, as a result of this lack of confidence, the American people are once again made vulnerable to disastrous inflation, soaring living costs, the wrecking of our Nation's economy—with no weapons to fight the evils and no protective measures to offset them.

I, for one, firmly believing that we court disaster when we close our eyes to the true world picture and the ever-present threat of inflation, and having confidence in the President and his recommendations as to standby controls, introduced H. R. 3414 on February 24, 1953. It is apparent that the Democratic Members of Congress are more in accord with the President on this vital question, which seriously affects every American, than are those of his own political faith. And, I repeat, that the passage of the measure before us, which provides no machinery whatever for imposition of controls in an emergency, is a betrayal of the American people and a grave dereliction of duty by Members of Congress.

We cannot afford to remain oblivious to what happened in the past, when failure to take legislative action promptly to provide necessary control authority had such disastrous inflationary consequences. Our mistakes of the past should have taught us that controls must be imposed at the inception of an emergency while normal economic relationships exist and before a wild scramble for goods causes violent upsurges and distortions in the entire price structure, if inflation is to be controlled. Those opposed to controls claim that Congress could take prompt action in an emergency to provide necessary control authority. In the light of past events, this still has to be proved. Two world wars and Korea have, in fact, proved the contrary, and as a result our people suffered terrible hardships, living costs skyrocketed, rents soared, consumers were asked to pay outrageous prices for neces-

sities, our Nation's economy was undermined and seriously threatened.

Failure to take prompt action immediately after Korea increased the cost of living by over \$14 billion and pyramided defense costs by a tremendous sum. We found that delay in freezing the economy caused innumerable inequities for many businessmen and windfalls for those who selfishly profiteered. The record shows that in World War II, although a control bill was introduced on August 1, 1941, final passage did not occur until January 30, 1942, almost 2 months after Pearl Harbor. Meanwhile, the cost of living had increased over 6 percent. After the Korean invasion, a control bill was introduced on July 19, 1950. Again almost 2 months elapsed before the bill became law on September 8. While Congress deliberated, wholesale prices advanced almost 8 percent and consumer prices were increasing at the rate of almost 1 percent per month.

We see from this that inflation ruled and had its way for too long a period before Congress could complete action providing necessary control authority.

Mr. Arthur S. Flemming, who occupies the dual role of Director of the Office of Defense Mobilization and Economic Stabilization Administrator, testified before our committee, that if there is to be a fast step-up in the defense mobilization program, it would be necessary for the administration to consider the desirability of imposing controls. He also advised the committee that he could visualize a situation short of war which would have a sufficient impact on the economy to raise immediately the issue of whether or not there should be controls. Prompt action is required—when a grave emergency occurs immediate action is necessary to place controls over the entire economy while it is in relative balance.

It is entirely unrealistic to assume that Congress would or could take action on a resolution to freeze the economy within the time that is necessary, which according to Mr. Flemming should not exceed 10 days.

In my opinion, we have no right to gamble now, or trust to luck. We should enact legislation to protect ourselves. Positive action to prevent inflation and to protect our people must be taken. We must have a law giving standby authority to the President with power to freeze the economy for a short time, should a grave emergency occur, during which time Congress could consider the problem and take necessary action.

We are in a state of emergency now—it could become a grave emergency at any time. A crisis could upset our present economic equilibrium and cause such a wave of scare buying and hoarding as would touch off a new inflationary spiral. The inflation would have to be checked immediately or there would be tragic consequences for the people of the country—particularly all those who have fixed incomes and those in the low income groups, as well as for our Nation's economy. In the light of the present world situation, the occurrence of such an emergency is no distant threat but a real possibility. It would be well for us

to face this fact and to act accordingly.

Mr. Bernard Baruch, when he testified before the Senate Banking and Currency Committee, recommended in the most emphatic manner the adoption of a standby measure now, so that we could be prepared for a future emergency. He said, in part:

To wait is to die. To wait is to make certain our mobilization will be needlessly slowed which means lengthening the struggle for victory and dooming some to lose their lives needlessly.

One of two general courses of action is possible. The wise course is to act promptly before the economy is out of hand, to preserve as far as possible the equilibrium that existed prior to the emergency.

This is the sound course of action. The other course is to wait and fiddle until the economy is out of control. Only then do you act. Your whole mobilization then becomes a wild chase of a dog after his own tail. You then have to chase the disruptions caused by the Government's failure to act in time in a frantic effort to recover the equilibrium which should never have been lost.

The choice, in short, is between acting before serious harm is done and waiting until you are deep in trouble before acting.

To wait and fiddle is wrong morally as well as economically. In brief, the policy of wait and fiddle has the effect of inviting every group to exploit the national peril for its own selfish advantage.

If the Congress fails to enact an adequate standby mobilization law, whether you realize it or not, you will be putting a premium on selfishness. It is virtually impossible to invoke an overall ceiling properly unless the power to act is on the statute books and at least the skeleton of the administering agency is in place before the emergency. Without this, the delay that will ensue makes it virtually certain that action will not come until the inflationary race is already underway and your whole mobilization under heavy handicap.

Our men are dying on the battlefield in order to preserve our freedom. The very least we can do is to meet our responsibilities intelligently here at home, for if we fail in our duties here, we fail those who are making greater sacrifices than we are called upon to make. When we jeopardize our economy, we undermine our Nation's existence.

The need for controls in an emergency is acknowledged. If Congress fails to make provision for them now, it will commit a grievous error. Let us capitalize on what we have learned in the past; let us profit by our errors; let us not repeat our mistakes, above all. Provide the machinery now for halting any inflationary spiral that could start at any moment; precaution can do no harm, but lack of foresight at this point could mean our undoing.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. MCGREGOR].

Mr. MCGREGOR. Mr. Chairman, I have listened very attentively for several hours to the debate on S. 1081 which gives consideration to the extension of the Defense Production Act and I am indeed glad to see that our House committee has taken some definite action and did not follow the legislation as it passed the Senate.

I am of the firm conviction that there is not such a thing as standby controls that is not a serious threat to the econ-

omy of our country. Labor, farmers, industrialists, white-collared workers, and all of us would be working under a strain fearful that tomorrow would bring governmental controls.

In this era of fast transportation if Congress is not in session, a quorum of the Congress could be present in Washington in 24 hours should an emergency arise and within a few hours legislation could be passed and presented to the President for his signature.

During this interim the President does have the authority to execute directives and regulations in defense of our country until Congress is in session. The people of this Nation have made us a great United States because of freedom of thought and freedom of activities and I join with many who have said the "less Federal controls the better off we will be." It is time we return to those basic principles of our great Republic and give our farmers, industrialists, and laboring men, and all other segments of our society, an opportunity to work and earn a living for themselves and their families without Federal interference.

I recognize that there possibly is a need for this legislation as it is now presented to us because we do have a few critical materials that are essential to our defense program and our President should have the power, if it is necessary, to allocate these critical materials from civilian needs to military needs.

I congratulate the committee for bringing this legislation before us for our consideration.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. GWINN].

Mr. GWINN. Mr. Chairman, I rise to oppose standby controls of prices and wages and rents or any controls, for that matter.

A free economy is the only source of ample food and shelter in peace or war.

We have at least 1,000 years of failure of price control and not one illustration of success.

I want very briefly to give you a little sketch of 4,000 years of uninterrupted failure of price controls as applied in the experience of nations from the beginning of civilization. We have heard from time to time that our experience with price controls dates from Leon Henderson, or from 1942.

That American passion for economic freedom has deep roots in our history becomes clear when one reads the words of the president of Princeton, John Witherspoon, in a letter to George Washington:

Fixing the prices of commodities has been attempted by law in several States among us, and it has increased the evil it was meant to remedy, as the same practice has done since the beginning of the world.

Is that really true? What does the historical experience of mankind teach about this fundamental issue, which touches the life of every man, woman, and child?

CONTROLS TRIED 4,000 YEARS AGO

The temptation for people in power to tamper with prices and production seems to be a very ancient human game. Thus, in the Laws of Hammurabi, King

of Babylon—2285–2242 B. C.—we find wage controls for boatmen, reapers, threshers, shepherds, laborers, artisans, bricklayers, tillers, stone cutters, milkmen, and carpenters. Regulated also were builders' fees and warehousing as well as rental of cows in milk, calves, oxen, wagons, and freight and passenger boats. On the basis of historical evidence, we know that ancient history, throughout the changing centuries, is characterized by a never-ending succession of popular upheavals against tyrannical rules and regulations imposed upon the people from the politicians in return for votes.

ROMAN CONTROLS FAILED MISERABLY

Emperor Diocletian decided to maintain his popularity with promises to fix prices and reduce the cost of living. So in A. D. 301, he issued an imperial edict fixing the prices of commodities for the whole Roman Empire. His grandiose scheme was ushered in with a fanfare of benevolent propaganda. In fact, in the preface to the edict, the Roman Emperor shows an insight into the laws of psychological propaganda technique which is as startling as it is up to date. He assures his people that the coming economical control system is built on the highest motives of making the whole nation participate "in the blessings of that peace for which we have laboriously striven." He continues that in order to make this price-fixing system work, it is necessary for the rulers like "watchful parents of the whole human race" to help the people with remedies from above, and that such measures have become necessary, since humanity cannot achieve such good results by its own free action.

The edict goes on to explain how the people have become greedy; how exorbitant profits were being made; how monopoly was running wild, and the people, therefore, needed protection from foes within as well as foes without. The only cure was a complete overall control of food, clothing, wages, and so forth. Reading the list of commodities which the Emperor asked his Chester Bowles of that day, Maximianus, to take control of, reads astonishingly like our own modern OPA lists: Farm products, dyes, needles, feathers, filling for upholstery, seeds, wine, oil, meat, poultry, fats, sea food, building timber, wooden posts, finished wagons, agricultural implements, and so on ad infinitum.

In order to enforce his imperial law, Diocletian built up a huge bureaucracy to administer his universal price-control system. A contemporary observer has characterized the situation in the following words:

The number of ministers, of magistrates, of officers, and of servants who filled different departments of the state, multiplied beyond the example of former times.

The price-control police forces of Diocletian had as their legal weapon, severe penalties against any breach of the law. Death was the punishment for those who dared sell above maximum prices. Death also for the buyer who aided and abetted him. Death, too, for those who bought and sold illegal stocks. However, human nature being what it is, these penalties did not affect the general pic-

ture, and no bureaucratic machinery or legal apparatus could prevent a complete breakdown of the law of supply and demand with all the economic and social evils resulting from it.

Economic historians of the Roman Empire find that a situation developed which was as tragic as it was prophetic. Because the scarcity of production was heightened by the interference from price-control laws, prices on consumers' goods in the actual market rose to catastrophic heights. The control system which was put into operation to combat inflation in this manner actually created inflationary trends which broke the backbone of the economic life of a great empire. Everywhere the results soon became visible: Building and construction stopped entirely. The arts and sciences fell into decay to such an extent that modern historians can recognize immediately the crudity and puerility of the craftsmanship of this period. Artistic creativeness and inventive skill did no longer thrive in this new atmosphere of economic tyranny.

History goes on to point out that while the economic waste was incredible the trades sank to ever lower levels. Poverty was created among the broad masses, while the merchants and small entrepreneurs were impoverished into bankruptcy. Landowners and manufacturers, who were the hardest hit, lost interest in a system of economic slave control that took away the private inventiveness and enterprise of the human genius.

In the realm of agriculture the situation became so bad that the Emperor found it necessary to order the farmers and the farm laborers controlled by serfdom under state supervision. That this measure could only lead to a worsening of the agricultural situation is perfectly explainable by the well-known historical law, that soil tilled by slave labor never yields abundant fruits such as land cultivated by free farmers.

To meet this general extremity of national economics the Emperor, therefore, naturally turned to the device which is as common as it is artificial, namely, of exorbitant taxation. Taxes and surtaxes multiplied in a hopeless effort to fill an ever-empty treasury.

Thus ends the only total price-control system which the history of the Roman Empire records. Diocletian alone, of all the Roman emperors, was foolish enough to attempt it. If he had listened to the history of his empire he might have observed how earlier attempts of partial price fixing under emperors like Tiberius, Commodus, and Alexander Severus, all had broken down. However, like many panic-stricken tyrants in the history of mankind, Diocletian apparently fancied that, if the price-control system only could be made totalitarian and fool-proof, it would work where partial attempts have broken down. He lived to see the tragic mistake of his economic tyranny over a whole nation's life, since his experiment ended with such a complete failure that the edict had to be repealed as useless and unenforceable. Soon after the poverty-stricken and indignant people forced his abdication, on May 1 A. D. 305.

The more serious lesson of this Roman price-control experiment is grasped, however, only if one realizes that its long-range effect on the Roman Empire was directly connected with the economic destruction of the greatest empire of ancient history. As the historian, Jules Toutain, has pointed out, the economic breakdown of the Roman Empire made it fall an easy prey to the attack of the barbarians who, a few generations later, poured in over the borders of the empire south of the Danube and west of the Rhine. What had once been a proud and great nation had deteriorated into a mass of people which had lost both the productive initiative and the national self-esteem which make a people strong and healthy. One of the fundamental laws of national defense is that only a nation in which freedom has been preserved under law is able and willing to take up arms in defense of human rights and human dignity.

Upon the grave of the Roman Empire the well-known historian, Samuel Dill, of Oxford, has written the following epitaph, which we may do well to remember:

The system of bureaucratic despotism, elaborated finally by Diocletian and Constantine, produced a tragedy in the truest sense, such as history has seldom exhibited: In which, by an inexorable fate the claims of fancied omnipotence ended in humiliating paralysis of administration; in which determined effort to remedy social evils only aggravated them until they became unendurable; in which the best intentions of the central power were, generation after generation, mocked and defeated alike by irresistible laws of human nature and by hopeless perfidy and corruption in the servants of government.

FRENCH CONTROLS FAILED

A complete survey of ancient, medieval, and modern price-control systems proves that they created scarcity instead of production and ill will instead of cooperation. One of the most illustrious and meaningful examples of this historical law we find as we turn to the history of the French Revolution.

When the leftists of that day—the Jacobins—decided to destroy French culture and French enterprise, they made use of the old tyrannical medium of a violent price control. Being experts in revolutionary technique, they chose to place iron control upon 39 necessities of life under the agency called committee of public safety.

The picture of what happened to the French revolutionary price-control system runs true to pattern.

As one historian, Andrew Dickson White, wrote in 1876:

The first result of the maxim was that every means was taken to evade the fixed price imposed, and the farmers brought in as little produce as they possibly could. This increased the scarcity, and the people of the large cities were put on an allowance. Tickets were issued authorizing the bearer to obtain at the official prices a certain amount of bread or sugar or soap or wood or coal to cover immediate necessities.

All price fixers do not meet so violent an end as that of Robespierre but the wrath of the hungry and disillusioned people always descends upon them.

A sigh of relief and a new spirit of self-governed activities swept through France. The farmers plowed and planted, and during the month of July 1795 they could once again harvest their crops as freemen after the disastrous and negative years of revolutionary price control. Liberty had conquered once more.

EARLY AMERICAN OPA'S

Coming now to the United States, we find the resistance to Government tampering with the laws of supply and demand greatest of all. A limited price control was attempted during the American Revolutionary War, but the alert and freedom-loving citizens, taught by experience, soon totally rejected this Government interference with the economic life of the States.

Led by Connecticut and Massachusetts, the New England States went in for regulating prices early in the Revolutionary War. This emergency measure was motivated quite as much by the fact that the continental currency lost its monetary value as by the self-evident fact that British blockade created a severe shortage of consumers' goods. The inevitable result was that the 1774 price level soon broke down, and as early as the spring of 1777 Connecticut, Rhode Island, and New Hampshire were forced to raise the level for maximum prices. In Rhode Island, however, the town of Providence objected strenuously. It directed its representatives in the legislature to fight such measures, as they created scarcity and produced animosity.

In Connecticut, Governor Trumbull warned in a public statement:

If we affix a low price to provisions and articles of importation we shall find that the farmer will cease to till the ground for more than is necessary for his own subsistence, and the merchant will not risk his fortune on a small and precarious prospect of gain.

The good Governor was really advocating what later generations prefer to call controlled inflation, even though he must be excused for not knowing the modern devices of economic deception called farm subsidies and cost-plus contracts.

Soon the States, including New York, Pennsylvania, and New Jersey, began to labor under keen misgivings, however, that the price control as such was a deceptive technique. This discovery led to an interstate convention being called in New Haven in January 1778. The war was still raging and the longed-for victory for independence still did seem far away. In a stampede of economic panic, the delegates voted, therefore, to adopt a price advance of 75 percent above the 1774 price level.

What was meant to be a radical cure threatened to become a disaster, since a runaway inflation soon began to encompass the national economic life. The Continental Congress very quickly realized that it had to reverse its policy in order to avert sure economic doom. In its meeting of April 8, 1778, it declared, therefore, to the sorely tried war-torn Nation:

It hath been found by experience that limitation on the prices of commodities is not only ineffective for the purpose proposed, but likewise productive of very evil conse-

quences to the great detriment of the public service and grievous oppression of individuals.

As soon as the fortunes of war turned, the States rid themselves of the fruitless and scarcity-producing price-control system, which they had grasped in a moment of panic. It is to the undying glory of the men and women of the Revolutionary period that a whole year before Cornwallis surrendered at Yorktown, all the States had already repealed their price-control laws.

Such was the depth of their belief in freedom as a producer of goods and services. Price control in America was over—not again to be revived for 160 years.

They fought not merely for independence. They fought for freedom and learned right in the middle of war itself that freedom produces more food and clothing and shelter than controls can produce. They emancipated freedom from Europe and European controls.

During the postwar period, under the Articles of Confederation, our colonial ancestors lived in an era of high prices. The unsecured revolutionary currency was issued in such quantities that "not worth a continental" because a popular phrase. The monetary situation interfered seriously with trade and tended to foment discord, distrust, and disunity.

It was in this atmosphere that the Constitutional Convention met in 1787. It is worthy of note that no delegate to this Convention seriously proposed that our Government should have the power to fix prices. Their generation had learned that Government price fixing would not work and so this power was not listed among those delegated powers which the people gave their Federal Government.

To propose to exercise such power now is sheer usurpation. It was the adoption of our Constitution with its limitation on control that brought the new era of food and shelter. We need to remind ourselves that this era started right here in America. Our example spread around the world until the world rejected freedom for many forms of collectivism. With that has come again the ghastly prospects of starvation and famine. That has been the rule of life throughout history except where for brief periods of time freedom of the people has been maintained.

Freedom, which is synonymous with ample food and shelter, is the first great achievement of modern times. Under the Constitution, Americans were free to own their lands, work out their own plans, and enjoy the fruits of their labor without regulations by authority or oppressive taxation. With this freedom has come agricultural science and invention of machinery, increased supplies of food, intellectual advance, improved means of communication, steam, electricity, and all the wonders that only the imaginative and creative minds and spirits of free men and women may comprehend for the future blessings of mankind.

Mr. Chairman, this debate has clarified one fundamental thing; namely, the fact that we are today witnessing the old, old

fight between two contradictory political systems of government. On the one hand we have the advocates of government control over national life and national production. They willingly abandon freedom. To adopt price controls in peacetime would be clear proof that the European idea of government control and government domination and compulsion has moved permanently into the political philosophy and political life of this great Republic.

Those who do not believe that freedom will solve our economic problems should stop fooling themselves. They continue to talk about freedom, but they do not really believe in it. They give lip service to liberty, but the moment the test comes they call for continued and increased power for public officials.

Freedom is more honest than government and so much more productive.

If we cannot read history so well or act so courageously as our forefathers in dealing with price controls, we can imitate them. Let us take a leap of faith in freedom if we would have food, clothing, shelter, and the good life.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HIESTAND].

Mr. HIESTAND. Mr. Chairman, ladies and gentlemen of both sides of the aisle, I think we all have to understand clearly what the issue here is. It is the issue of whether or not you believe in controls or you do not. It is the issue whether or not you believe in standby controls, which are threats, or not. We voted down standby controls. They are a threat. Now comes this amendment under the guise of a 90-day freeze. Ladies and gentlemen, that is a wolf in sheep's clothing. It sounds plausible but all of those people who are in favor of controls of prices, wages, rents, and all sorts of controls are in favor of this 90-day freeze and generally speaking those who are opposed to such controls, all of which are unsound, uneconomic, impractical, and futile, seem to favor them.

Now there are a few things which should be clearly understood:

First. The President has not asked for this authority. Please make no mistake about it, the President has not asked for it and does not want it.

Second. He does not want price and wage controls. He does not believe in them. He cut them out as fast as he could. He believes in free enterprise without them.

Third. I think we must realize that any presently granted authority to freeze wages and prices is equivalent to standby authority, which, in turn, is equivalent to threat. Threats beget countermeasures and price increases. If the threat is hanging over the head of the economy and its managers, small businesses and large businesses, what is the natural reaction. Protection, of course. That means higher prices. Of course higher prices now or at any time months ahead of when the threat might strike. Do you think that it makes sense that a merchant or a manufacturer would cut his price when he might get frozen at a

price below his cost? Certainly not. It just does not work that way.

Fourth. I think we should realize, and I know Members of this Congress on both sides of the aisle are firmly convinced that a free economy is a basically strong economy and a controlled economy is basically weaker. The time of emergency is the very time of all times to be strong economically.

Fifth. Reference has been made in the oratory this afternoon about what history teaches us. Ladies and gentlemen, I affirm that history teaches us about controls more than anything else that they have failed. They have not controlled inflation; they have created shortages and undue pressures. Controls are an instrument of a totalitarian state. They are a Communist device. They have no place in our free economy.

Now, sixth, this bill does provide just enough in a way of priority, defense priorities if you will, for extremely critical items such as cobalt, nickel, and so forth, needed for defense uses. Nobody objects to this because it is important that the defense effort get the scarce goods before the civilian demand is satisfied. That, the President feels, is wise and that, we are happy to give him. There is no issue there.

The only issue as I see it is whether you want to hang the threat of controls over the head of the economy, depressing production, increasing prices, preventing lowered prices and carrying with them all the evils of a controlled economy. The President does not want it and I am sure neither you nor I want it. The amendment should be defeated by all means. Thank you.

(Mr. MULTER, Mr. SPENCE, Mr. BOLLING, and Mr. WIDNALL asked and were given permission to revise and extend their remarks.)

Mr. SPENCE. Mr. Chairman, I have no further requests for time.

Mr. WOLCOTT. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, under the rule the Clerk will read the committee substitute for amendment:

The Clerk read as follows:

That this act may be cited as the "Defense Production and Temporary Controls Act of 1953."

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 21, strike out lines 3 and 4 and insert in lieu thereof:

"Title I, section 1. This title may be cited as the 'Defense Production Act amendments of 1953'."

The amendment was agreed to.

The Clerk read as follows:

Sec. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"Declaration of policy

"Sec. 2. In view of the present international situation and in order to provide for the national defense and national security our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires expansion

of productive facilities beyond the levels needed to meet the civilian demand."

Mr. DEANE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to direct the attention of the Committee to page 24 of the hearings, at which time Dr. Flemming was testifying. In his testimony it was brought out that under the

Defense Production Act the Reconstruction Finance Corporation has made extensive loans under section 302 of the act.

In speaking about the RFC, I questioned Dr. Flemming as follows:

So far as you know, has there been satisfactory service rendered by the RFC in the administration and making of these loans?

Dr. Flemming replied:

We have no criticism to make of the way in which they have handled this assignment for us.

At my request, Mr. Chairman, Dr. Flemming furnished to our committee the loan authorizations and cancellations under section 302 of the Defense Production Act as follows:

Reconstruction Finance Corporation—Loan authorizations and cancellations, sec. 302 DPA, Mar. 31, 1953

◀ FACILITY LOANS INCLUDING MINING LOANS

[Cents omitted]

Name and address of borrower	Amount authorized	Amount canceled	Name and address of borrower	Amount authorized	Amount canceled
A. B. A. Tool & Die Co., Inc., Manchester, Conn.	\$190,000		General Development Corp., Elkton, Md.	\$135,000	
Adamas Carbide Corp., Harrison, N. J.	442,000		General Tool & Gage Co., Inc., Plymouth, Wis.	34,000	
Advance Control Corp., Buffalo, N. Y.	50,000		Gibbonsville Mining & Exploration Co., Spokane, Wash.	62,000	
The Ahrendt Instrument Co., College Park, Md.	200,000		Glove Industries, Inc., Dayton, Ohio	300,000	
Airborne Instruments Laboratory, Inc., Mineola, N. Y.	908,000		Green River Steel Corp., Owensboro, Ky.	5,000,000	
Eugene K. Gray and John H. Stephens, trading as Aircraft Products Co., Clifton Heights, Pa.	175,000	\$2,376	Halocarbon Products Corp., North Bergen, N. J.	39,900	
Aircraft Tapered Sheets, Inc., Los Angeles, Calif.	300,000	300,000	Hamel-Dahl Co., Providence, R. I.	700,000	
R. W. Johnson, doing business as Ajay Screw Machine Products, Anderson, Ind.	164,000		Hardman Tool & Engineering Co., Los Angeles, Calif.	57,600	
Algonac Manufacturing Co., Algonac, Mich.	100,000		Hastings Instrument Co., Inc., Hampton, Va.	275,650	\$276,650
American Business, Inc., Chicago, Ill.	2,025,000		Hazleton Steel & Tubing Corp., Hazleton, Pa.	7,800,000	7,800,000
American Helicopter Co., Inc., Manhattan Beach, Calif.	125,000		Heckett Engineering, Inc., Butler, Pa.	8,000,000	8,000,000
The Andrews-Alderfer Processing Co., Inc., Akron, Ohio	250,000		Hewitt Oil Terminal, North Charleston, S. C.	432,000	82,000
Antonoli, Peter, Butte, Mont.	42,000	42,000	Hogan Laboratories, Inc., New York, N. Y.	250,000	
Appalachian Mining & Smelting Co., Embreeville, Tenn.	400,000		Homestead Mining Co., Platteville, Wis.	240,000	
Arctic Block Construction Co., Fairbanks, Alaska	60,000	60,000	Hydraulic Research & Manufacturing Co., Burbank, Calif.	485,000	
Areturus Manufacturing Corp., Venice, Calif.	240,000		Idaho Beryllium & Mica Corp., Caldwell, Idaho	125,000	
Aviation Fuel Terminals, Inc., Goldsboro, N. C.	1,087,500		Imperial Mining Co., Inc., Poplar Bluff, Mo.	60,000	
J. W. & Louis M. Calary, trading as Bainbridge Bus Co., Port Deposit, Md.	68,400	5,207	Industrial Heat Treating & Metallurgical Co., Inc., Indianapolis, Ind.	246,000	246,000
The Cyril Bath Co., Cleveland, Ohio	950,000		G. Philip Stout, trading as Industrial Research Laboratories, Baltimore, Md.	75,000	
Belock Instrument Corp., College Point, N. Y.	620,000		Bill Jack Scientific Instrument Co., Solana Beach, Calif.	2,000,000	2,000,000
R. P. Bennett Co., Inc., Frederick, Md.	132,000		Johns Hopkins University, Baltimore, Md.	1,400,000	
Berea Rubber Co., Cleveland, Ohio	575,000		Jonco Aircraft Corp., Shawnee, Okla.	1,750,000	
The Bethel Corp., Bethel, Maine	75,000		KSM Products, Inc., Merchantville, N. J.	2,675,000	
Bjorksten Research Laboratories, Inc., Madison, Wis.	120,000		Lawrence J. Keddy, doing business as Keddy Machine Co., Middleton, Mass.	83,000	83,000
Blue Ridge Transportation Co., Inc., Knoxville, Tenn.	74,330		The Kellex Corp., New York, N. Y.	300,000	26,223
Bonner Machine Works, Inc., El Segundo, Calif.	75,425	75,425	Kenmore Metals Corp., Jersey City, N. J.	388,000	388,000
Wm. C. Dugan, doing business as Border Truck Lines, El Paso, Tex.	22,060	763	Kirkwood Machine & Manufacturing Co., Kirkwood, Mo.	420,000	185,000
Boston Electro Steel Casting, Inc., Boston, Mass.	260,295		Kolinski Concrete Co., Milwaukee, Wis.	128,000	
The Bridgeport Safety Emery Wheel Co., Inc., Bridgeport, Conn.	135,500	135,500	Laboratory for Electronics, Inc., Boston, Mass.	1,438,500	34,263
The Brust Beryllium Co., Cleveland, Ohio	800,000		Lambert Tool Specialties Co., St. Louis, Mo.	1,500,000	1,500,000
Brush Tool Manufacturing Co., Chicago, Ill.	910,000		Lambrecht, Louis A., doing business as Lamhrecht Trucking Co., Sterling, Ill.	200,000	
C. L. Bryant Corp., Cleveland, Ohio	475,000		Lear, Inc., Grand Rapids, Mich.	29,300	1,195
Buehler, Ltd., Chicago, Ill.	279,000		Ledoux & Co., New York, N. Y.	863,000	863,000
Buffalo Coal Mining Co., Inc., Anchorage, Alaska	425,775		Lone Star Steel Co., Dallas, Tex.	290,000	
C. B. S. Steel and Forge, Los Angeles, Calif.	216,619		Lovequist, Martin, doing business as Lovequist Engineering Co., Los Angeles, Calif.	37,000,000	
C. G. S. Laboratories, Inc., Stamford, Conn.	35,128	35,128	Lucerne Coke Co., Indiana, Pa.	140,000	140,000
California Electronics Services Co., Inc., Woodland Hills, Calif.	30,000		Luders Marine Construction Co., Stamford, Conn.	2,200,000	475,000
Canoga Corp., Van Nuys, Calif.	12,755		Lunn Laminates, Inc., Glen Cove, Long Island, N. Y.	125,000	125,000
Capital Foundry Co., Phoenix, Ariz.	1,452,000	1,452,000	Marine Aircraft Corp., Fort Worth, Tex.	1,160,000	
Tho J. C. Carter Co., Pasadena, Calif.	415,000	215,000	Marman Products Co., Inc., Inglewood, Calif.	122,000	
Cascade Finishing Co., Inc., Oriskany Falls, N. Y.	43,000	43,000	Marquardt Aircraft Co., Van Nuys, Calif.	200,000	
Cell-Form Co., Paramount, Calif.	123,750	3,500	Mar Vista Engineering Co., Los Angeles, Calif.	1,250,000	
Cromer, Walter M., doing business as Certified Metal Processing Laboratories, Los Angeles, Calif.	45,000		The W. L. Maxson Corp., New York, N. Y.	417,400	1,392
Champion Canvas Supplies, Inc., St. Louis, Mo.	52,000	4,751	McGlynn Hays Industries, Inc., Belleville, N. J.	1,569,635	
Chatham Electronics Corp., Newark, N. J.	988,460	2,500	McLean Development Laboratories, Inc., Dallas, Tex.	1,183,800	
Chief Consolidated Mining Co., Salt Lake City, Utah	120,000		Menasco Manufacturing Co., Burbank, Calif.	160,000	160,000
John P. Glass, trading as Clifton Precision Products Co., Clifton Heights, Pa.	400,000	400,000	Merit Sportswear Co., Boston, Mass.	350,000	
Cobb & Weldon, Boulder, Colo.	20,500	6,500	Merritt Packing & Crating Service, Denver, Colo.	15,000	
Coleman Engineering Co., Inglewood, Calif.	60,000		Miami-Key West Barge Line, Inc., Miami, Fla.	28,700	28,700
Joseph C. Collins, doing business as Collins Engineering Co., Culver City, Calif.	375,000	375,000	Mid-South Refrigerated Warehouse Co., Memphis, Tenn.	20,000	20,000
Werner Lange, doing business as Colonial Optical Co., Los Angeles, Calif.	10,000		Mifflin Mining Co., Inc., Mifflin, Wis.	1,250,000	
Columbia River Lime Co., Vancouver, Wash.	92,000		Raibel, Theodore T., doing business as Modern Design Engineers, Los Angeles, Calif.	80,000	30,000
Contra Costa Oil Depot, Martinez, Calif.	2,655,338		N. R. K. Manufacturing & Engineering Co., Chicago, Ill.	40,000	
Cooper Precision Products, Los Angeles, Calif.	250,000		National Iron Reclaiming Co., Ltd., Birmingham, Ala.	450,000	92,000
Cripple Creek Coal Co., Fairbanks, Alaska	413,500		Newman, Levern B. and Austerman, Armin V., doing business as New Diggings Mining Co., Platteville, Wis.	141,500	
Cruver Manufacturing Co., Chicago, Ill.	650,000		Nicholas Universal Steamship Co., Detroit, Mich.	54,000	
Davis Mining Enterprises, Linden, Wis.	220,000		Noon, William A., Drummond, Mont.	4,944,973	4,944,973
Dayton Precision Manufacturing Co., Dayton, Ohio	65,700	65,700	Northern Consolidated Airlines, Inc., Anchorage, Alaska	60,000	
Do.	196,000		Norris, Al, doing business as Al Norris Trucking Contractor, Post, Tex.	705,550	
Doelcam Corp., Newton, Mass.	997,000	997,000	Owen Manufacturing, Inc., Litchfield, Ill.	16,250	
Drayer-Hanson, Inc., Los Angeles, Calif.	555,000		Owen Manufacturing, Inc., Litchfield, Ill.	53,470	7,162
Druge Bros, Manufacturing Co., Oakland, Calif.	198,000		Pacific Electric Contractors, Inc., Anchorage, Alaska	293,000	
E. & J. Heat Treating & Sandblasting Co., Los Angeles, Calif.	90,000		Pacific Marine Terminal Co., San Francisco, Calif.	1,435,000	1,435,000
Do.	75,000		James F. Black, doing business as Parkville Trucking Co., Baltimore, Md.	63,500	
East Coast Aeronautics, Inc., Mount Vernon, N. Y.	1,300,000		J. C. Peacock Machine Co., Los Angeles, Calif.	264,000	
Eastern States Petroleum Co., Inc., Houston, Tex.	2,100,000		Ben Pearson, Inc., Pine Bluff, Ark.	420,000	
Electronic Associates, Inc., Long Branch, N. J.	150,000		Plasecki Helicopter Corp., Morton, Pa.	4,800,000	
Electronic Computer Corp., Brooklyn, N. Y.	10,000	10,000	Piquette Mining Co., Platteville, Wis.	144,000	
Entwistle, James L., Co., Pawtucket, R. I.	620,000		Powers Manufacturing Co., Longview, Tex.	920,000	
Entwistle, James L., Co., Providence, R. I.	77,775		Premier Mill Corp., Geneva, N. Y.	338,000	91,000
The Fenn Manufacturing Co., Hartford, Conn.	1,250,000		N. Ransohoff, Inc., Cincinnati, Ohio	500,000	135,000
Ferson Optical Co., Inc., Biloxi, Miss.	83,403	83,403	Rehnberg-Jacobson Manufacturing Co., Inc., Rockford, Ill.	250,000	250,000
Fontaine Truck Equipment Co., Inc., Birmingham, Ala.	180,000		Rezolin, Inc., Los Angeles, Calif.	95,000	
Foster Freight Lines, Inc., Indianapolis, Ind.	501,890		Rivco, Inc., Downey, Calif.	115,000	6,485
The Frohman Manufacturing Co., Inc., Miami, Fla.	175,000		Riverside Foundry, Inc., Bettendorf, Iowa	615,000	15,000
Garlynn Engineering Co., San Francisco, Calif.	104,475		Robb Manufacturing Co., Inc., Pittsburgh, Pa.	86,970	
Garner Instrument Co., San Antonio, Tex.	150,000		Roller Bearing Co. of America, Trenton, N. J.	1,350,000	630,000
			Ross, John, Custer, S. Dak.	44,645	

1 Gross.

• RFC.

Reconstruction Finance Corporation—Loan authorizations and cancellations, sec. 302 DPA, Mar. 31, 1953—Continued

FACILITY LOANS INCLUDING MINING LOANS—Continued

[Cents omitted]

Name and address of borrower	Amount authorized	Amount canceled	Name and address of borrower	Amount authorized	Amount canceled
San Manuel Copper Corp., Superior, Ariz.	\$94,000,000	—	Tennessee Central Railway Co., Nashville, Tenn.	\$2,249,800	—
Sargent Engineering Corp., Huntington Park, Calif.	1,000,000	—	Thiokol Corp., Trenton, N. J.	900,000	\$19,479
Schweizer Aircraft Corp., Elmira, N. Y.	50,000	\$50,000	Thompson Trailer Corp., Alexandria, Va.	555,000	160,000
Schwen Engineering Co., Los Angeles, Calif.	398,500	—	Truck Body & Equipment, Inc., St. Louis, Mo.	25,000	8,866
Secon Metals Corp., New York, N. Y.	305,000	248,319	Trumbull Bearings, Inc., Hartford, Conn.	459,000	—
Shelton Mining Co., Inc., Joplin, Mo.	85,000	—	Tubular Micrometer Co., St. James, Minn.	112,000	—
Sierra Engineering Co., Inc., Sierra Madre, Calif.	120,000	120,000	Tungstar Corp. and Hanging Valley Tungsten Mines, Hollywood, Calif.	75,000	75,000
Slagle Beryllium Co., Haverton, Pa.	66,029	—	Tungsten Mining & Milling Co., Spokane, Wash.	50,000	—
Sossner Tap & Tool Corp., New York, N. Y.	150,000	150,000	Tyson Bearing Corp., Massillon, Ohio	1,275,000	—
South Gate Aluminum & Magnesium Co., South Gate, Calif.	110,000	110,000	United States Wire & Cable Corp., Newark, N. J.	275,000	25,000
Southern States Oil Co., Jacksonville, Fla.	255,000	—	Varian Associates, San Carlos, Calif.	1,520,000	—
Southland Oil Corp., Savannah, Ga.	677,000	—	Vitro Chemical Co., Salt Lake City, Utah	850,000	—
Do.	30,000	—	Massari Bros. Machine Co., trading as Wadell Equipment Company, Garwood, N. J.	300,000	300,000
Do.	300,000	—	Waltham Horological Corp., Waltham, Mass.	285,000	—
Specialties, Inc., Syosset, N. Y.	3,549,730	229,000	Warner Machine Products, Inc., Muncie, Ind.	225,000	—
Spencer Wire Corp., Hillside, N. J.	1,700,000	—	Weba, Inc., Queens Village, N. Y.	110,000	110,000
Standard Cable Corp., Chickasha, Okla.	200,000	—	The S. K. Wellman Co., Cleveland, Ohio	3,800,000	—
Do.	200,000	—	Westoil Richmond Terminals Co., Richmond, Calif.	449,526	—
Do.	1,809,606	8,407	White Pine Copper Co., White Pine, Mich.	57,185,000	—
Standard Steel Corp., Los Angeles, Calif.	27,025	27,025	Whittaker, Wm. R., Ltd., Los Angeles, Calif.	1,428,000	1,428,000
Standard-Thomson Corp., Dayton, Ohio	2,000,000	100,000	Wien Alaska Airlines, Inc., Fairbanks, Alaska	355,000	—
Stanford Research Institute, Stanford, Calif.	300,000	300,000	Worth Manufacturing Co., Los Angeles, Calif.	150,000	150,000
Stewart, L. P. & Bro., Inc., Washington, D. C.	810,000	—			
Stover Lock Nut & Machinery Corp., Easton, Pa.	349,000	—			
T. S. C. Motor Freight Lines, Inc., Houston, Tex.	200,000	200,000			
Teleflex, Inc., Philadelphia, Pa.	300,000	—			
			Total, 202	311,162,039	38,204,894

WORKING CAPITAL LOANS

Accurate Machine Products Corp., Johnson City, Tenn.	\$30,000		Lectro Speed Co., Portland, Oreg.	\$50,000	
Ace Welding Service, Inc., Saugus, Mass.	175,000	\$175,000	Lenard Co., Inc., The, Cambridge, Mass.	67,000	\$14,108
Acetogen Fabricators, Inc., Philadelphia, Pa.	75,000		Lester Associates, Inc., Hastings-on-Hudson, N. Y.	25,000	
Acme Machine Works, Inc., Hingham, Mass.	50,000		Lorain Automatic Screw Machine Co., Inc., The, Lorain, Ohio	100,000	
American Generator & Armature Co., Chicago, Ill.	225,000	225,000	Lucadian Cartographers, Philadelphia, Pa.	12,200	
American Machinery Corp., Orlando, Fla.	750,000		Machine Craft, Inc., Marietta, Pa.	60,000	
Do.	500,000		The Glen L. Martin Co., Baltimore, Md.	12,000,000	-12,000,000
American Woodworking Co., West Haven, Conn.	66,000	66,000	McGrath & Co., Inc., Stillwater, Minn.	1 150,000	
Do.	112,000			2 135,000	
Amertronic, Inc., Washington, D. C.	16,500		McLean Iron Works, Inc., Palatka, Fla.	50,000	
Do.	22,000		Microtone Co., Inc., The, St. Paul, Minn.	580,000	
Atlantic X-Ray Co., Inc., Boston, Mass.	70,000		Model Engineering & Manufacturing, Inc., Huntington, Ind.	170,000	
Bassett, Rex, Inc., Fort Lauderdale, Fla.	295,000		Modern Metal Crafts Co., Inc., Philadelphia, Pa.	120,000	120,000
Benson-Lehner Corp., Los Angeles, Calif.	187,000		G. O. Noville & Associates, Inc., Los Angeles, Calif.	25,000	
Bishop Manufacturing Co., Carlisle, Iowa	400,000		Osbelt Lumber & Tie Corp., Richmond, Va.	40,000	40,000
Bowlby, R. S. and West, R. E., doing business as R. S. Bowlby Manufacturing Co., Honey Grove, Tex.	25,000	5,947	Otterbein, John A., doing business as J. A. Otterbein, Middletown, Conn.	150,000	150,000
Burton-Rodgers, Inc., Cincinnati, Ohio	100,000		Pamco Corp., Lubbock, Tex.	800,000	
Carlstrom Pressed Metal Co., Westboro, Mass.	155,000		Pax Metal Corp., Los Angeles, Calif.	60,000	
Cascade Food Products, Salem, Oreg.	50,000		Peoria Consolidated Manufacturers, Peoria, Ill.	814,169	
Edward L. Beaudry, Jr., trading as Chase Resistor Co., Morristown, N. J.	20,000		Photoswitch, Inc., Cambridge, Mass.	1,500,000	
Chattanooga Welding & Machine Co., Inc., Chattanooga, Tenn.	400,000		Polan Industries (a copartnership), Huntington, W. Va.	250,000	250,000
Cogmatic Co., Milwaukee, Wis.	40,000		Nielsen, Gilbert, doing business as Precision Instrument & Model Co., Washington, D. C.	4,000	
Communications Co., Inc., Coral Gables, Fla.	90,000	90,000	Yarnell, Carl F., doing business as Reed-Sharp Co., Knoxville, Tenn.	75,000	
Consolidated Industries, Inc., Lafayette, Ind.	732,600		Reinforced Plastics Corp., Vineyard Haven, Mass.	1 30,000	30,000
Control Electronics Co., Inc., Huntington Station, Long Island, N. Y.	23,000			2 22,500	22,500
Cosmo Engineering Laboratories, Inc., Hackettstown, N. J.	135,000		Reinholdt & Lewis, Inc., Salem, Oreg.	100,000	
Couse Manufacturing, Inc., Newark, N. J.	1,275,000		Remler Co., Ltd., San Francisco, Calif.	1,000,000	
Curran, Frank J. Co., Downers Grove, Ill.	250,000		J. W. Rex Co., Dansdale, Pa.	458,350	
Do.	125,000		D. M. Rose & Co., Knoxville, Tenn.	165,000	
Dankin Manufacturing Co., Chicago, Ill.	100,000		Scott-Browne Corp., Newton, Ohio	50,000	
The Davies Laboratories, Inc., Riverdale, Md.	20,000		Shearer, W. E., and Wood, W. E., doing business as Shearer Electric Manufacturing Co., Little Rock, Ark.	85,000	
Dockendorff & Co., Inc., Bridgeport, Conn.	75,000		Sherman & Reilly, Inc., Chattanooga, Tenn.	300,000	
Dun-Mar Engineering Corp., Pittsburgh, Pa.	75,000		Sherwood Tool, Inc., Kensington, Conn.	25,000	
Eastern Woodworks, Inc., Baltimore, Md.	75,000		Sketchbook Film Productions, North Hollywood, Calif.	35,000	
Electric Service Engineering Co., Joliet, Ill.	650,000		Snocraft, Inc., Norway, Maine	65,000	
Entwistle, James L. Co., Providence, R. I.	200,000		Southern Products Co., Inc., Birmingham, Ala.	20,000	8,622
Estes Express Lines, Richmond, Va.	50,000		Do.	73,650	19,026
Fenn Manufacturing Co., Hartford, Conn.	1,100,000		Specialties, Inc., Syosset, N. Y.	1,120,000	
Fitzgerald Engineering Co., Inc., Coral Gables, Fla.	18,000		Speedcon Manufacturing Co., Boston, Mass.	47,500	
Fuse Indicator Corp., Rockville, Md.	24,273	1,805	Speer, Richard A., doing business as Speer Cartridge Works, Lewiston, Idaho	50,000	
Garco Corp., Seattle, Wash.	30,500		Standard Manufacturing Co., Inc., Mount Airy, N. C.	70,000	
Gemco Engineering & Manufacturing Co., Inc., Glendale, Ohio	125,000	9,449	Superior Instrument Co., Rochelle Park, N. J.	15,000	
Gottsch, Adolph, Inc., Hillside, N. J.	35,000		Twiss, J. C. & W. A., doing business as T & T Associates, Little Rock, Ark.	5,000	
Greyhound A. C. Arc Welder Corp., Brooklyn, N. Y.	50,000	50,000	Technical Products Co., of Austin, Austin, Tex.	150,000	
Hansen Manufacturing Co., Lynn, Mass.	30,000		Tempel Manufacturing Co., Chicago, Ill.	268,000	268,000
Do.	100,000		Tennessee Aircraft, Inc., Nashville, Tenn.	1 150,000	
Harvey-Whipple, Inc., Springfield, Mass.	500,000		Do.	2 90,000	
Hayward Woolen Co., East Douglas, Mass.	700,000			1 250,000	
Hazleton Engineering Co., St. Louis, Mo.	347,850			2 150,000	130,000
Heckethorn Manufacturing & Supply Co., Littleton, Colo.	800,000		Tycoon Tackle, Inc., Miami, Fla.	180,000	
Hett Associates, Inc., Englewood, N. J.	10,000		Tycoon Tackle, Inc., Miami Springs, Fla.	650,000	
Horie Arms Co., The, Deep River, Conn.	47,640		Tyson Bearing Corp., Massillon, Ohio	200,000	
Do.	58,000		U. S. Metal Products Co., Inc., Brooklyn, N. Y.	50,000	50,000
Hudreg Co., Inc., Deming, N. Mex.	200,000	72,022	Emory Loyd Dell, Jr., doing business as Waycross Machine Shop, Waycross, Ga.	100,000	
Hunt, Wm. J., trading as Wm. J. Hunt Mfg. Co., Baltimore, Md.	50,000		F. A. Whitney Carriage Co., Leominster, Mass.	641,250	641,250
Independent Plow, Inc., Neodesha, Kans.	200,000		Wire Corp. (formerly Spencer Wire Co.) Worcester, Mass.	225,000	
Instruments Associates of California, Santa Monica, Calif.	150,000		Wire Inc., Morton Grove, Ill.	150,000	
Johnson-Crowder Manufacturing Co., Inc., Birmingham, Ala.	66,000		Yucca Mining & Milling Co., Inc., Yucca, Ariz.	50,000	
Do.	79,000		Z-Bar-Inc., Griffin, Ga.	20,000	
Jonco Aircraft Co., Shawnee, Okla.	1 1,200,000				
King Laboratory, Inc., Salt Lake City, Utah	2 1,100,000				
Leavitt Machine Co., The, Orange, Mass.	50,000				
	100,000				
	</				

Reconstruction Finance Corporation—Loan authorizations and cancellations, sec. 302 DPA, Mar. 31, 1953—Continued

AGRICULTURE LOANS

[Cents omitted]

Name and address of borrower	Amount authorized	Amount canceled	Name and address of borrower	Amount authorized	Amount canceled
Grain Products, Inc., Dodge City, Kans.	\$225,000	-----	The Winter Garden Freezer Co., Inc., Bells, Tenn.	\$310,000	-----
Do.	60,000	-----	Total, 4	2,695,000	-----
Shea Chemical Corp., West Chelsford, Mass.	2,100,000	-----	Total, 323	351,468,521	\$52,621,123

Sec. 302 loans established to May 22, 1953

No.	Country	Borrower	Amount	No.	Country	Borrower	Amount
DP-1	Haiti	Cotes de Fer Corp.	¹ \$202,260	DP-5	Northern Rhodesia	Balulba Mines, Ltd.	² \$21,000,000
DP-2	Mexico	Zinc Nacional, S. A.	337,500	DP-6	do.	Rhodesia Congo Border Power Corp., Ltd.	22,400,000
DP-3	Uganda	Kilembe Mines, Ltd.	7,500,000	DP-7	Canada	Campbell Chibougama Mines, Ltd.	5,500,000
DP-4	Brazil	Industria e Comercio de Minerios, S. A.	15,000,000				

¹ Of which \$141,605 canceled Dec. 31, 1952.² Wholly canceled Apr. 24, 1953.

Mr. Chairman, one other matter that I desire to call to the attention of the committee. It concerns section 104 of the Defense Production Act.

Some of us on the minority side did not go along with the committee action in striking out the provision of the Senate bill which would allow section 104 to terminate as of June 30, 1953. Let me direct your attention to the testimony by Mr. Gordon, the Administrator of the Production and Marketing Administration, pointing out the retaliatory measures that had taken place since that legislation became a part of the Defense Production Act. Mr. Gordon's testimony and that of his assistant, Mr. Short, appears on page 96 where they point out that the Netherlands, in view of section 104, had put into effect retaliatory measures involving the purchase of wheat and to the extent of the implication of this section 104 they had imposed drastic restrictions upon the importation of wheat products. I call the committee's attention especially to page 97 where Mr. Gordon gave to the committee the retaliatory action that had been taken by a number of countries in view of section 104.

Then on page 99, our former colleague, Hon. Thruston B. Morton, Assistant Secretary of State, in speaking of section 104, said:

The Department of State opposes extension of section 104 either in the context of providing standby emergency controls or in any other legislation. This legislation has been so harmful to our international trade relations that its continuation in any context would be most unwise.

At this point, Mr. Chairman, I understand that the President on yesterday issued a declaration, involving the particular products under section 104. I would like to ask the chairman of the Committee on Banking and Currency [Mr. Wolcott] whether or not he proposes to offer an amendment that will return the House to the position taken by the Senate on section 104?

Mr. WOLCOTT. I do not intend to offer any amendment. I understand an amendment will be offered which seeks to accomplish that purpose.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield to the gentleman from New York.

Mr. MULTER. I have such an amendment at the desk which I intend to offer at the appropriate time.

Mr. DEANE. I think the gentleman. I feel that in all such legislation, while we want to protect our own industry and our own products, we must at the same time try to proceed on the basis of what is in the best interests not only of our country but also of our international relations and our own farm exports. I would like to take this opportunity to commend, as I am sure all of us do, the Assistant Secretary of State, Thruston B. Morton, who is the congressional liaison with the House of Representatives, for the excellent service he is rendering.

Finally, Mr. Chairman, I want to quote from a telegram which I received today from Mr. R. Flake Shaw, executive vice president of the North Carolina Farm Bureau Federation, as follows:

Tariff Commission demonstrates capacity to deal with questionable imports. See no need to continue section 104 of Defense Production Act.

(Mr. DEANE asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian mar-

ket unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship."

SEC. 4. Subsection (a) of section 301 of the Defense Production Act of 1950, as amended, is amended by striking out "or in connection with or in contemplation of the termination," and by inserting before the period at the end thereof a comma and the following: "or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in section 3 of the Small Business Act of 1953) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply."

SEC. 5. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is amended by striking out "1962" and inserting in lieu thereof "1963."

SEC. 6. Section 303 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof a new subsection as follows:

"(f) Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this act, shall be transferred to the national stockpile established pursuant to the act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.

"Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, minerals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this act, as amended, shall be re-

duced in an amount equal to the amount of any notes so canceled."

SEC. 7. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(c) Whenever the President invokes the powers given him in this act to allocate any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953, and having due regard to periodic changes in the current competitive position of established business; *Provided*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: *Provided further*, That if the President continues or reimposes allocation controls after June 30, 1953, in the civilian market of any materials subject to such controls on July 1, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations."

Mr. MULTER. Mr. Chairman, I offer an amendment.

The amendment is as follows:

Amendment offered by Mr. MULTER: Page 25, line —, insert before the period the following: "and to study the nature and extent that economic controls may be needed during an emergency, no matter how caused, and to recommend to the appropriate legislative committees proposed legislation to be enacted in the event of such emergency."

Mr. WOLCOTT. Mr. Chairman, I reserve a point of order against the amendment.

Mr. MULTER. Mr. Chairman, under the Defense Production Act we set up a joint committee of members of both the House and Senate Committees on Banking and Currency. That committee is continued by the Defense Production Act as sought to be extended by this bill.

My amendment simply enlarges the functions so that they can study and make appropriate recommendations as to legislation that may be needed in the future if an emergency should come upon us requiring control legislation. In other words, I say let this committee study the problem now and be ready for the event when and if it happens.

Mr. Chairman, I urge the adoption of the amendment.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. WOLCOTT. I withdraw the point of order, Mr. Chairman.

Mr. Chairman, this is an amendment to section 12 of the bill which creates a joint committee on defense production. That is referred to as the watchdog committee. Now that was set up primarily, if not wholly, to watch the administration of this law, to determine if the intent of Congress was being followed. In 1947 we set up an informal group composed of Members of the House and the Senate committees to do

that, and we met informally occasionally, and especially on one feature of rent control in which we felt that the administration had gone beyond the purview of the law. We got them to change their regulations. It was never intended that this be set up and staffed to the point where it was going to cost any money. As a matter of fact, it has been suggested at times that we would provide for the use of the staffs of the Senate and the House committee to operate as a staff on joint committee. But much to my surprise when we went into the matter this year we found that they had a staff with a large payroll. They had economists and they had clerks; they had a staff of six people which is probably not justified.

Now, the point is that if we enlarge the scope of the committee's jurisdiction so that it will constantly study the desirability of putting controls back on prices, wages, consumer credit, and everything else, they cannot stop at a small staff; they must enlarge that staff, they must have well-informed economists, they must go into the field of research, they must do all of these things that the Bureau of Labor Statistics, the Bureau of Agricultural Economics, that the President's Council of Economic Advisers, that the Joint Committee on the Economic Report take up and study constantly. Now the only justification that there might be for this is to enlarge the staff of this joint congressional Committee on Defense Production and make a few jobs for somebody. It is wholly unneeded. There are at least five agencies of the Government today that are making studies along the line suggested and to set up another one would not only be a duplication of effort, but would be a triplication of that effort in these fields.

Mr. Chairman, the amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 24, line 18, after "1953" strike out the remainder of line 18, all of line 19, and through "Provided" on line 20, and insert "Provided, however, That the President shall from time to time give effect to the then current competitive position of established business as measured over a reasonable period of time, except as the same may result from Government control under this or any other acts; *Provided further*."

Mr. WOLCOTT. Mr. Chairman, this language was put in the bill originally to protect the competitive enterprise system. We have been discussing it for some time; and amendments have been made, but the language I have suggested in this amendment has been approved by the segments of industry which are involved. The amendment merely means that when and if there are allocations of materials in civilian markets, they will be on the basis which will preserve the then competitive position which industry has, so that no industry in the allocation of materials for civilian goods will be given an advantage over any other.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

Mr. OAKMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OAKMAN: On page 25, after line 8, insert the following new section:

"SEC. 8. Subsection 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(d) The term 'national defense' means the operations and activities of the Armed Forces, or the Atomic Energy Commission, or operations and activities of any other Government department or agency which the Department of Defense certifies as directly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended."

Mr. OAKMAN. Mr. Chairman, my amendment is an important one if it is our intention to remove, to the fullest extent possible, unnecessary, costly, and useless controls. Section 3 of the committee bill authorizes the President to invoke sweeping materials controls to the extent deemed necessary and appropriate to promote the national defense. In dealing with controls on civilian goods section 3 likewise uses the term "national defense." National defense is currently defined in section 702 (d) of the Defense Production Act to mean "the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with foreign economic or military assistance programs."

Mr. Chairman, it is the purpose of my amendment to provide that only those operations or activities which are directly concerned with the national defense qualify for priority or allocation assistance. I believe it to be necessary in order to prevent the grave mistakes of 1951 when many industries—and Government agencies—were able to convince the President that they were defense supporting and, accordingly, entitled to a prior claim on materials before there was any distribution of the balance to other civilian manufacturers. As a direct result of the increasing demands of a certain few civilian industries for such priority treatment, it became necessary to burden the entire economy with the controlled materials plan. The country, therefore, had governmental regulation of all production at a time when it was absolutely unnecessary.

If this bill is passed in its present form, innumerable Government agencies and many industries could apply intense pressure and advance reasons showing why they are indirectly connected with the defense effort and, therefore, authorized to preempt a part of the national supply of materials at the expense of the civilian economy, although, in fact, such connection might be very remote and vague indeed. The Defense Production Act is, by its very nature, emergency controls legislation and should not be used as a vehicle for Government controls on civilian production beyond the point considered to be vital

to assure an adequate supply of materials for military production.

There can be no valid objection to according to a railroad or public utility preferential treatment in the allocation of materials as to specific projects which are part and parcel of military or atomic energy programs such as a railroad facility or power plant directly related to a specific military or atomic-energy project. However, there are no valid reasons why power, railroad transportation, oil drilling projects, and so forth, which are intended solely to add net to the Nation's capacity should receive any consideration in the allocation of materials not accorded all other claimants in the economy.

I am advised that the regulations already issued by the Administrator in contemplation of the renewal of the priority and allocation provisions of the Defense Production Act contemplate a sharp restriction on the right of these claimants to preferential consideration in the matter of priorities and allocations. I believe the statute should coincide with this policy of the administration.

You will note on page 14 of the committee print of the bill—at lines 11 through 16—the Senate, recognizing this dangerous deficit, redefined "national defense" so as to restrict the use of priority and allocation controls.

It is my understanding that this Senate amendment was rejected because of a fear that it is too restrictive, and that certain valid direct programs of the armed services, Atomic Energy Commission, and other departments might not qualify. To allay these fears, you will note that my amendment is based on the definition as it currently appears in the act, but with the elimination of indirect operations and activities. I have also provided that any direct programs of departments other than the Armed Forces or the Atomic Energy Commission could qualify to the extent they are certified by the Department of Defense. Certainly it makes sense to require that one central agency determine those operations and activities which are directly and substantially concerned with the defense program.

It is my hope, Mr. Chairman, that this amendment will be accepted in order, as I have said, to avoid to the greatest extent possible needless, unnecessary, and costly controls.

Mr. BOLLING. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the committee in its consideration of this bill gave considerable time and effort to the subject matter that is affected by this amendment.

There came from the Banking and Currency Committee of the other body language which was somewhat broader than that which is in the existing act, but by amendment on the floor of the other body more restrictive language than that in the act was put it. During the consideration of the matter before the House Committee on Banking and Currency a more liberal version was offered, but was defeated, and there was

substituted the compromise position of the present act.

It is impossible in a matter as technical as this to be quite clear on such short notice of the effect of this proposed amendment. It seems to me that since the conference of the two bodies would be in the best position to work out the differences between the very restrictive language contained in the Senate bill as passed, and the language of the present law, it would be best for the House to defeat this amendment. If this is done the conferees will be in a position to arrive at language which will not in any way affect adversely the defense program. Therefore, I urge that this amendment be voted down so that the conferees may adjust this problem with all the facts before them.

The CHAIRMAN. The question is on the amendment.

The question was taken, and (the Chair being in doubt) the Committee divided and there were—ayes 46, noes 45.

So the amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 25, after line 8, insert a new section reading as follows:

"Subsection (e) of section 705 of the Defense Production Act of 1950 as amended is hereby amended by adding at the end thereof the following paragraph:

"All information obtained by the Office of Price Stabilization under this section 705 as amended and not made public prior to April 30, 1953, shall be deemed confidential and shall not be published or disclosed either to the public or to another Federal agency except the Department of Justice, unless the President determines that the withholding thereof is contrary to the interest of national defense, and any person willfully violating this provision shall upon conviction be fined not more than \$10,000 or imprisoned for not more than 1 year, or both."

Mr. WOLCOTT. Mr. Chairman, the provision to which this amendment applies provides for the obtaining of information, and if the informant requests that the information be confidential, then it shall be treated as confidential. This merely broadens that because of a situation which might develop at the expiration of the law wherein there might be an interpretation placed upon this in such manner as to relieve this information of its confidential character; so this amendment merely provides that the matter which has been submitted under this provision to the Department shall be considered confidential and shall not be released unless the President feels that it is necessary to national defense. It does not, however, interfere with the release of the information to the Department of Justice.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

The Clerk read as follows:

SEC. 8. Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(a) Titles I, III, and VII (except sec. 714) of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1954. Title II, title VI, and

section 714 of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953. Titles IV and V of this act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953."

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: Page 25, line 12, after "Title I", insert "except section 104."

DELETE SECTION 104

Mr. MULTER. Mr. Chairman, I believe there will be little or no opposition to this amendment because of recent developments in connection with the subject matter. Frankly, I am not too much concerned with what reason you may assign for deleting section 104 from the Defense Production Act; I am concerned with the result. You will probably recall that when section 104 was written into the act various departments in the executive branch, particularly the State Department, voiced serious objection to including section 104 in the bill and they indicated it would strain our relations with friendly nations and with our allies. Just as they predicted, it has had that very unfortunate result. Those of you who insisted on writing section 104 into the act originally now know that you can eliminate that section without the dire consequences you were afraid would ensue if you left it out of the act.

Section 104 has proved to be a mistake, a bad mistake. It has strained our relations with our friends and our allies; it has disheartened them in their efforts to make their own way and to do without extraordinary aid from this country; it has given the Kremlin a propaganda theme, which is a weapon just as powerful as a division of soldiers or a battalion of tanks; and it has contributed to the reduction in American sales of agricultural products abroad. In short, section 104 has hurt the interests of the American people as a whole and has even hurt some of the people it was supposed to benefit, namely, the American farmer.

Some of this injury is irrevocable; but some of it can be reduced if now we are firm in our decision not to continue section 104 on the statute books.

In urging against extension of section 104, I do not suggest that the United States should be powerless to restrict imports of agricultural products when there is a good and sufficient reason for doing so. As a matter of fact, without section 104 we will still have section 22 of the Agricultural Adjustment Act in effect. And that act provides a basis on which to strike the right balance between imports and domestic production, not only on dairy products and the other products named in section 104, but on all agricultural products on which we have agricultural programs.

There is a world of difference between the approach contained in section 104 of the Defense Production Act and the approach contained in section 22 of the Agriculture Act. Section 104 requires the United States to restrict imports whenever imports interfere with the existing level of production, or whenever

they interfere with some higher level of production which the Secretary of Agriculture is free to set, or whenever they interfere with the orderly storage or marketing of the products involved, or whenever they add to the cost of a price-support program. In practice, section 104 is a mandate to the Secretary of Agriculture to restrict the imports of practically every product subject to it; the requirements of the section are so broad that this is the only course the Secretary can safely follow if he wants to avoid criticism.

Section 104 differs from section 22 in a basic respect. Under section 104, the Secretary of Agriculture is prosecutor, jury, and judge in deciding whether imports of agricultural products should be restricted in our American interests. Now, I have the greatest respect for the ability and integrity of the Department of Agriculture. But I also know that the Secretary of Agriculture is constantly being subjected to intolerable pressures from one segment of agriculture or another to take measures to give that sector added protection. Sometimes those pressures are justified and sometimes they are not. In any case, it is asking too much of the Secretary of Agriculture to remain completely adjective in the process of sorting out the justified from the unjustified pressures, particularly when he is administering a provision of law as broad as section 104. Section 22, on the other hand, sets up a process under which the need for import restrictions is determined by a fact-finding agency established by the Congress, namely the Tariff Commission, and by the President. This strikes me as a far more sensible and effective method of government, particularly when what is at stake is interests which go well beyond those of any one segment of agriculture.

There is another difference between section 104 and section 22. Section 104 permits the Secretary of Agriculture to impose any level of restriction he sees fit, without regard for the interests of the American consumer, the American exporter, the American taxpayer and others who are injured by import restrictions. Section 22, on the other hand, puts some limitations on the power of the Executive to restrict imports. Such imports may be limited either by the imposition of a 50 percent fee or by quantitative restrictions which cut imports to half their level in a previous representative period, but they cannot be completely embargoed.

One final distinction between section 104 and section 22 is worth noting. Section 104 establishes extreme criteria for restrictions of imports and violates agreements which the United States has solemnly made with other countries. As a result, we have had retaliation by other countries, such as the retaliation which the Netherlands imposed when it cut back its imports of wheat flour from the United States by 15,000 tons, and we will have to expect other such actions if we extend section 104. Section 22, on the other hand, operates on a principle that other countries can understand. It is not unreasonable to use import controls to avoid a situation in

which the United States would be supporting the world price as a result of a domestic support program attracting imports to this country. Other countries do not expect us to assume that burden. If we tie our restrictions to avoidance of this situation, the risk of retaliation and resulting injury to American exports will be very much reduced. Given the overwhelming balance of advantage to American agriculture of maintaining export markets for \$4 billion worth of goods a year, anything we can do to retain foreign markets on a basis of fair competition is certainly in our interest to do.

I would like to call attention to the countries which have protested the import controls on dairy products under section 104, and to the agricultural commodities on which these countries have granted concessions to the United States in trade agreements. Section 104 jeopardizes continuation of these and other concessions we have received; it cuts back the purchasing power of the countries which gave those concessions; it hurts the American farmer and, by undermining farm prosperity, it weakens the whole structure of our domestic economy.

The following countries have protested import controls imposed on the dairy products under section 104. The selected agriculture commodities on which they have granted concessions to the United States in trade agreements are stated after the name of each country:

Argentina: Tobacco, fresh and dried fruits, naval stores.

Australia: Cotton, tobacco, naval stores.

Canada: Cotton, wheat flour, tobacco, rice, naval stores, soybeans.

Denmark: Cotton, tobacco, fresh and dried fruits.

Finland: Cotton, tobacco, hog lard, soybeans.

France: Cotton, tobacco, rice, oil cake, soybeans.

Italy: Cotton, wheat, tobacco, hog lard, soybean oil.

Netherlands: Cotton, wheat and wheat flour, tobacco, rice, cottonseed oil.

New Zealand: Tobacco, dried fruits, naval stores.

Norway: Cotton, wheat flour, tobacco.

Sweden: Cotton, rice, naval stores.

Switzerland: Cotton, wheat, rice, hog lard, fresh fruits.

I think Secretary of Agriculture Benson has indicated that section 22 of the Agricultural Act can be used for the purposes that section 104 was enacted to cover.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I would like to ask my esteemed and distinguished colleague from Brooklyn if he can amplify that statement of his and tell me just exactly how section 104 has hurt the American farmer?

Mr. MULTER. It has hurt the American farmer in that it has destroyed his markets abroad. There are exactly 12 different countries that have entered

into trade agreements with us which run counter to section 104. When section 104 was written into the act we caused injury to the American farmer who was exporting his products to those countries.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Mississippi.

Mr. SMITH of Mississippi. In relation to the question propounded by the gentleman from Ohio, I would like to point out that a great many American farmers, a great majority of the American farmers, the producers of cotton, wheat, tobacco and rice, who make up if you want to count noses the great majority of the American farmers, all agree that section 104 has worked to their disadvantage. It has actually cost them export markets that are vital to a living price for their products and a continuation of this section would work further jeopardy to the development of export markets for their products. I think those of us who want to follow the excellent effort that the new Secretary of Agriculture, Mr. Benson, is putting forth in an attempt to solve some of our farm surplus problems, by developing export markets will be accepting fine leadership if we go along with his idea of using section 22 instead of trying to take this fallacious protection that is offered in section 104 for the American farmer.

Mr. MULTER. The gentleman agrees that section 104 should be deleted from this act?

Mr. SMITH of Mississippi. Yes.

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from North Carolina.

Mr. DEANE. I hold in my hand a telegram from Mr. R. Flake Shaw, executive vice president, North Carolina Farm Bureau Federation as of today in which he states:

Tariff Commission demonstrates capacity to deal with questionable imports. See no need to continue section 104 of Defense Production Act.

Mr. MULTER. I thank the gentleman.

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as I see it, the amendment offered by the gentleman from Brooklyn will probably be adopted, in view of the President's action on yesterday or today, or, at least, as reported in the papers of today. I would like to point out to the gentleman from Mississippi and the distinguished gentleman from Brooklyn that as far as hurting the American farmer is concerned he is not going to be hurt or helped too much by anything we do in connection with the Defense Production Act. You know there are a lot of slogans going around, not the least of which is "trade—not aid."

Sometimes I think they ought to turn that slogan around and say "aid—not trade."

I want to tell you what you are doing with this farm situation on dairy products and other products when you allow

unlimited amounts to come in from foreign countries, and it is very simple. I doubt, however, that very many people realize what happens. In the first place, you have a law passed by the Congress which says that the Secretary of Agriculture shall—it does not say “may”—it says he shall support certain basic commodities at 90 percent of parity. Now, certain other farmers depend on those basic commodities, and, if they are supported at 90 percent of parity, they must have a similar support price for their products or go out of business. So every time you let a million pounds of butter come in from abroad you are telling Mr. Benson to buy a million pounds of domestic butter at 67½ cents and put it in storage, where it is going to spoil. That is how simple the thing comes out. When the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], who is an authority on farm problems, was testifying before our committee, I believe he admitted that that is about the sum and substance of it. Now, I do not care whether you call it trade or whether you call it aid. It all amounts to the same thing; the American taxpayer is paying the bill. You either tell them that we will tax you so much to keep your friends out of bankruptcy, keep them solvent—we are going to give it to them—or we will let them sell their products over here and we will buy the same amount of American products and put them in storage and let them spoil.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. GROSS. Is it not rather strange for a Representative of the Deep South to speak in favor of free trade, in view of the cotton, tobacco, and other products they produce?

Mr. HAYS of Ohio. No; it is not strange. I think the gentleman from Mississippi is doing a good job for his constituents. He comes from a cotton-producing district and he wants to sell his cotton; and if it hurts the dairy farmer in Minnesota, that is too bad; but he is looking out for his cotton market.

Mr. GROSS. But we are not importing very much cotton and tobacco in this country, are we?

Mr. HAYS of Ohio. No; we are not, because they have laws to prevent its importation; in fact they have laws that you cannot even sell the seed abroad so that you can grow cotton to compete with them.

Mr. GOLDEN. Mr. Chairman, if the gentleman will yield I wish to identify myself with the argument that the gentleman has just made, and in further comment, if we do not have the protection of section 104, we are going to support the price of commodities all over the world wherever they have a surplus, which commodities will come in here and be dumped on our market and the taxpayers will have to pay the bill.

Mr. HAYS of Ohio. The gentleman is absolutely right and I thank him for his comment. It means that this act that we pass will set a mandatory parity price for products all over the world, exactly what the gentleman says.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. BROWN of Georgia. I voted to retain section 104, and I am still for it. There is need for it.

Mr. HAYS of Ohio. This is not going to be very palatable to some people, but significantly in the statement of the President, the proclamation setting certain quotas, tung oil was left out altogether. Now, tung oil in significant quantities only comes from one place besides the deep South and that is Communist China.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(Mr. HAYS of Ohio asked and was given permission to proceed for 2 additional minutes.)

Mr. HAYS of Ohio. Mr. Chairman, I want to make a prediction right here and now. I want to say, to clarify it, that I was no great admirer of the previous Secretary of State and I am not so sure I am a very fervent follower of the present one, but I want to predict that the omission of tung oil was significant, and if the State Department thinks this Congress will take it without gagging, they will be in here within a year wanting us to admit Communist China into the United Nations. Now see whether I am a good prophet or not, but that is what is going to happen, and the only way they can be kept out is for us to have the courage to say “No.”

Let me say this: I believe in the United Nations and I believe in world cooperation and I believe in world organization to try to procure peace, but I do not believe in cooperation at any price, and I do not think you can do business with the Communists in the United Nations, out of it, or any place else. Mr. Dulles apparently is going to have to learn it the hard way. That is human nature, because nobody ever profits by the experience of anybody else. But I kind of think the Congress will have it in its power to teach him the hard way if that is the way he wants it.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we have had this argument about section 104 up before. I think that those of us who represent the big cities have a duty here as deep and profound as those who represent the farm districts. It is a duty I have tried to sustain, but I believe on the whole, however, it has not been sustained here. That is the duty to speak the interest of the consumer on the House floor.

The consumer is one of America's forgotten men, yet it is an extremely serious problem to the big-city people.

The difficulty with section 104 in brief is this: It is true that the price of dairy products is under price support. As a matter of fact, the Advisory Committee on dairy interests has already recommended that we go to a flexible farm price policy. These are dairy farmers speaking, because dairy farmers themselves see the danger of the regimentation of their own field of activity if they keep these high fixed farm-price sup-

ports, with 165 million pounds of butter under price support in storage today and likely to spoil unless we give it away, and with the price of butter way out of line in competition with margarine, and more and more piling up every day, because no one has the courage to say, “Stop, let the American people use this butter at reasonable prices, which they will pay.”

The difficulty with the argument in favor of section 104 is that this way the consumer is being made to pay both ways. First, foreign competition is cut out, hence it has no impact upon price and makes for higher prices of butter and cheese and other items, and second, he is paying in taxes for a high fixed farm-price support program.

If section 104 is stricken, and as I understand, it was the view of the administration it should be stricken, at least our attention would be fixed singly upon what the farm parity price program is doing in connection with butter, and so forth, which is in a fair way to become a repetition of the great potato scandal. So I am all for striking this section. Let us see what is being done with respect to dairy products as far as the American market is concerned, and not saddle the consumer, who is also a taxpayer, with both costs of high prices and taxes to maintain high-price supports. Therefore, I think this amendment is entirely right.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman has mentioned the action taken by a dairy group with the advice of the Secretary. Maybe the gentleman has advance information on what that dairy group will recommend. He states they recommended the flexible-price system for supports.

Mr. JAVITS. As I understand, an advisory group of dairy interests working with the Secretary of Agriculture has recommended—he does not have to take the recommendation; the gentleman can oppose it—a return to the flexible-price support system.

Mr. AUGUST H. ANDRESEN. I do not think they have recommended anything yet, otherwise I would know about it.

Mr. JAVITS. I just read the release this morning. If the gentleman will permit me, I will put it in the RECORD so that it is part of my remarks. It is offered at this point pursuant to permission obtained in the House:

UNITED STATES DEPARTMENT OF AGRICULTURE, OFFICE OF THE SECRETARY,
Washington, May 13, 1953.

DAIRY GROUP RECOMMENDS RETURN TO FLEXIBLE PRICE SUPPORTS

Recommending a return as soon as possible to the principle of flexible price-support provisions as contained in the Agricultural Act of 1949, a special dairy producer-industry task group, meeting in Washington Monday and Tuesday, submitted to Secretary of Agriculture Ezra Taft Benson a broad plan for attacking current dairy problems, including strong representations to the dairy

industry to support June dairy month with expanded sales and promotion programs.

The 20-man group developed their program from suggestions made by 6 subcommittees of the general dairy industry advisory conference that met in Washington early in April. The group in analyzing suggestions of the larger conference advised the Secretary that a return to flexible price supports for all agricultural commodities at the end of the current marketing year is highly desirable. They requested that the Secretary consult with other advisory committees, especially those on the basic commodities, to obtain their support for flexible price supports.

In pointing to self-help in the immediate period, the group urged the industry to make every effort to support the merchandising and sales programs of the American Dairy Association and the National Dairy Council. They asked for a full sales-promotion program during June, the dairy month. The group believed that much could be done to expand the use of dairy products during the flush production season if all elements of industry would support the move.

The group also asked that governmental agencies, such as the Bureau of Human Nutrition and Home Economics, Extension Service, the Production and Marketing Administration, and State educational agencies combine their forces with industry in this effort.

In looking for additional outlets for present stocks of dairy products, the group recommended that the USDA examine methods of using these stocks to increase consumption of dairy products in the many undernourished areas of the world. At the same time, they requested study of various plans for moving surplus stocks into American consumer channels. The committee asked to be reconvened about August 1 when the seasonal peak of dairy production would be past and the size of the stocks from this year's production would be known. They believed this would be the appropriate time to consider these additional measures.

Asking for the appointment of a technical committee, the group requested a review of the Federal milk marketing order and agreement program. Attacking the problem of dairy imitations, the group requested the Secretary of Agriculture to urge appropriate State and Federal agencies to effectively enforce the regulation of imitation dairy products to prevent misrepresentation and adulteration which in some sections of the country is reducing the sale of dairy products.

The Secretary commended the dairy industry for the vigorous and realistic manner by which it is attacking its problems. The encouraging progress made thus far is in line with the challenge presented to the industry by Secretary Benson in an address before the annual meeting of the American Dairy Association in Chicago, March 23, 1953.

Mr. AUGUST H. ANDRESEN. I would be glad to have the gentleman do that.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. HAYS of Ohio. May I say to the gentleman that I share his concern for the consumer. I think he has a real point there. But may I point out further, just to clarify this argument a little bit about the problem of milk, that the average price the farmer in Ohio today is getting for milk is 7½ to 8½ cents a quart. The consumer is paying from 20 cents on up. I think where the consumer is getting hit squarely between the eyes is after the milk leaves the farm and before it gets to his doorstep.

Mr. JAVITS. All I contend for in respect to this argument is, let us fix our

eye on the main point. That is the farm-price-support program but our view is distorted by the fact that foreign competition on price as far as the consumer is concerned is barred by this section. Therefore, this section ought to be stricken.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Mississippi.

Mr. COLMER. The gentleman expressed concern for the taxpayer and the consumer. May I ask the gentleman how he reconciles that concern with his desire to see section 104 repealed? Is it not much better from the point of view of the taxpayer and the consumer that these floods of importations of products be stopped, rather than for the taxpayers to have to pay under the support price when the Commodity Credit Corporation takes over, as the gentleman pointed out in the case of butter?

Mr. JAVITS. No; I think in the interest of a constructive economy it is wise to fix our eye on the main point and see exactly what this price-support program in butter is doing, instead of getting an additional support through the indirect tax which is placed on the consumer by the fact that foreign imports do not compete with domestic dairy products. I think, therefore, it is very much in the consumers' interest to strike this section.

Mr. COLMER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, unfortunately, the House of Representatives, composing Members representing various segments and groups of people, is often inclined to look at pending legislation through glasses that are colored by their own selfish interests. I wish that were not true. But I suspect that as long as human nature continues to be what it is that will be true.

We have a situation here, it seems to me, on this pending amendment, that is a very simple one. That is whether under this price-support program the Government is going to be called upon to subsidize, to store, and, in many instances, to waste surplus products; or whether it is going to control the dumping of competing products from other countries. It seems to me that it is just that simple.

I regretted a moment ago that my distinguished colleague and personal friend from my State, who represents another section of the State and therefore possibly another industry, saw fit to make some rather bold statements about the effect upon cotton and wheat, and so on—particularly cotton—as a result of section 104. I think that statement possibly could have been considered a little more fully before it was made, and certainly is open to debate.

My friend from New York [Mr. MULTER], who offered this amendment and the other gentleman from New York [Mr. JAVITS], who supports the amendment, are not in position, considering their background, to be telling the farmers of this country what is for their good and what is not for their good. Of course, again the human element enters into it.

I represent a section that produces a commodity that is grown in a very restricted area, that has been threatened and is threatened with destruction because certain importers from the districts represented by the two gentlemen from New York are importing Chinese tung oil and Argentine tung oil into this country and flooding the market and destroying the little industry down in my district. So it all depends upon whose ox is gored, as to what happens.

I understand that there is some movement on foot, or at least some lack of enthusiasm on the part of some who were strongest for section 104 in this bill until they thought perhaps they had been taken care of by another matter. They have lost some of their enthusiasm.

I want to say that I appreciate the remarks that were made by the distinguished gentleman from Ohio [Mr. HAYS] with reference to the tung commodity that I was speaking of a moment ago. They were very true. This little industry was not taken care of by the Tariff Commission and, as he well pointed out and as I pointed out to the last three Secretaries of Agriculture, and to the Congress on previous occasions, some day you are going to be dependent again upon the Communists for tung oil. It is protected now under this amendment. I hope the Committee of the Whole will see fit to go along with the legislative committee recommending this bill.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, the amendment offered by the gentleman from New York [Mr. MULTER], as I understand it, does not accomplish what he is trying to do. It is only a partial amendment. When his amendment has been voted on, I shall offer another amendment to strike out section 104, and I do so because of a proclamation issued by the President establishing import controls under section 22 that are satisfactory and just as good as we could get under section 104. That is permanent law and regulation, whereas section 104 has just been put in this bill by the committee for another year.

I feel that I owe an explanation to the House as to why I am advocating the repeal of section 104. I was the author of section 104 in 1951 when the then Secretary of Agriculture and the then President threatened to remove all import controls on dairy products. They refused to use section 22 or any other provision of law to restrict imports of dairy products and fats and oils at a time when our Government was supporting the price of domestically produced products at 90 percent of parity. I offered that amendment in 1951 and the Congress approved it. That expired on June 30 of last year. I reoffered it; it was approved with certain modifications and was enacted again.

Section 104 expires on June 30 of this year. It is necessary to have some form of effective import controls properly administered in order to protect our domestic producers, to protect the price-

support program so that the support program intended to provide a floor under domestic production and not become a flood for world production.

I helped write section 22 in the Committee on Agriculture. That was written for a purpose: To protect domestic producers from unnecessary and unlimited imports of all types of farm products.

The Eisenhower administration has recommended that section 22 be used in lieu of section 104. During the month of April the President wrote a letter to the Tariff Commission requesting that the Tariff Commission begin an immediate study with respect to the commodities listed in section 104 which take in dairy commodities, fats, and oils, and certain other commodities, stating that it would be necessary for the Tariff Commission to hold hearings and make a prompt recommendation in the event that section 104 expired on June 30 of this year.

The Tariff Commission held hearings and made certain recommendations to the President a few days ago. Late yesterday afternoon the President issued his proclamation placing import controls on section 104 on dairy products and peanuts, on linseed oil and flaxseed.

I have carefully examined the import quotas established by the President in his proclamation, which I am showing below. I have discussed these quotas with representatives of all branches of the dairy industry, who have all approved of the President's action. The import quotas announced by the President is a distinct victory for dairy producers and the whole industry. Without question, the militant fight by the dairy industry for the continuance of section 104 had a great deal to do with the favorable decision of the Tariff Commission and the President. While the dairy industry will seek to secure amendments to section 22, under which the President acted, to authorize greater power to further limit or embargo dairy imports, it is now felt that the President's proclamation should stand as permanent legislation instead of relying on section 104 which the committee has reported for a 1-year extension. I have therefore offered my amendment to strike section 104 from the bill.

I appeared before the Banking and Currency Committee, urging the adoption of section 104 some days ago. A large majority of the committee membership included this section in the bill before us. That was before the issuance of the President's proclamation of yesterday. I have now had an opportunity to carefully examine the import quotas announced by the President, and I am convinced that it would be a mistake to insist on the enactment of section 104. If section 104 is stricken from the bill, the President's proclamation will go into operation on June 30, 1953, when section 104 expires.

PRESIDENTIAL PROCLAMATION IMPOSING QUOTAS OR FEES ON IMPORTS OF CERTAIN DAIRY AND OTHER PRODUCTS

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA: A PROCLAMATION

Whereas pursuant to section 22 of the Agricultural Adjustment Act, as added by section 31 of the act of August 24, 1935 (49 Stat. 773), reenacted by section 1 of the act of June 3, 1937 (50 Stat. 246), and as amended by section 3 of the act of July 3, 1948 (62 Stat. 1248), section 3 of the act of June 28, 1950 (64 Stat. 261), and section 8 (b) of the act of June 16, 1951, Public Law 50, 82d Congress (7 U. S. C. 624), the Secretary of Agriculture advised me that he has reason to believe that upon the expiration of section 104 of the Defense Production Act of 1950, as amended, the products included in the lists appended to and made a part of this proclamation are practically certain to be imported into the United States under such conditions and in such quantities so as to render or tend to render ineffective, or materially interfere with, programs undertaken by the Department of Agriculture with respect to certain of such articles or with respect to products from which certain of such articles are processed, or to reduce substantially the amount of one or more of such articles processed in the United States from agricultural commodities with respect to which a program of the Department of Agriculture is being undertaken;

Whereas having agreed with the Secretary of Agriculture's reason for such belief, I caused the United States Tariff Commission to make an investigation under the said section 22 with respect to the said articles;

Whereas the said Tariff Commission has made such an investigation and has reported to me its findings and recommendations made in connection therewith;

Whereas, on the basis of the said investigation and report of the Tariff Commission, I find that in the event section 104 of the Defense Production Act of 1950, as amended, expires under its present terms, the articles included in the lists appended to and made a part of this proclamation are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, programs or operations undertaken by the Department of Agriculture or agencies operating under its direction, pursuant to sections 101, 201, 301, and 401 of the Agricultural Act of 1949, as amended, and part VI of title III of the Agricultural Adjustment Act of 1938, as amended, with respect to certain of such articles or with respect to products from which certain of such articles are processed, or to reduce substantially the amount of certain of such articles processed in the United States from agricultural commodities with respect to which the said programs or operations of the United States Department of Agriculture are being undertaken; and

Whereas I find and declare that in the event section 104 of the Defense Production Act of 1950, as amended, expires under its present terms, the imposition of the fees and quantitative limitations hereinafter proclaimed is shown by such investigation of the Tariff Commission to be necessary in order that the entry, or withdrawal from warehouse, for consumption of such articles will not render or tend to render ineffective, or materially interfere with, the said programs or operations, or reduce substantially the amount of products processed in the United States from agricultural commodities with respect to which certain of the said programs or operations are being undertaken:

Now, therefore, I, Dwight D. Eisenhower, President of the United States of America, acting under and by virtue of the authority vested in me by the said section 22 of the Agricultural Adjustment Act, as amended, do hereby proclaim that on and after July 1, 1953, articles included in the lists appended to and hereby made a part of this proclamation shall be subject to quantitative limitations and fees, as follows:

1. Articles included in lists I and II (except peanuts) shall be permitted to be entered only by or for the account of a person or firm to whom a license has been issued by or under the authority of the Secretary of Agriculture, and only in accordance with the terms of such license. Such licenses shall be issued under regulations of the Secretary of Agriculture which he determines will, to the fullest extent practicable, result in (1) the equitable distribution of the respective quotas for such articles among importers or users, and (2) the allocation of shares of the respective quotas for such articles among supplying countries, based upon the proportion supplied by such countries during previous representative periods, taking due account of any special factors which may have affected or may be affecting the trade in the articles concerned. No licenses shall be issued which will permit any such articles to be entered during any 12-month period beginning July 1 in excess of the respective quantities specified for such articles in lists I and II and, in the case of articles included in list II, during the first 4 months and the first 8 months of any such 12-month period in excess of one-third and two-thirds, respectively, of such specified quantities.

2. No peanuts included in list II shall be entered during any 12-month period beginning July 1 in excess of the quantity specified for such peanuts in the said list II.

3. Articles included in list III shall, when entered, be subject to the fees respectively specified therefor in the said list III.

I hereby determine that the periods specified in the said report of the Tariff Commission for the purpose of the first proviso to section 22 (b) of the Agricultural Adjustment Act, as amended, are representative periods for such purpose.

The provisions of this proclamation shall not apply to articles imported by or for the account of any department or agency of the Government of the United States.

As used in this proclamation, the word "entered" means "entered, or withdrawn from warehouse, for consumption."

This proclamation shall be without force and effect if section 104 of the Defense Production Act of 1950, as amended, is extended beyond June 30, 1953.

In witness whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington this 8th day of June in the year of our Lord 1953, and of the United States of America the 177th.

By the President:

Secretary of State.

LIST I

ARTICLE AND QUANTITY	Pounds
Butter.....	707,000
Dried whole milk.....	7,000
Dried buttermilk.....	496,000
Dried cream.....	500
Dried skimmed milk.....	1,807,000
Malted milk, and compounds or mixtures of or substitutes for milk or cream (aggregate quantity)	6,000

LIST II

ARTICLE AND QUANTITY

Pounds

Cheddar cheese, and cheese and substitutes for cheese containing, or processed from, Cheddar cheese (aggregate quantity)-----	2,780,100
Edam and Gouda cheese (aggregate quantity)-----	4,600,200
Blue-mold (except Stilton) cheese, and cheese and substitutes for cheese containing, or processed from, blue-mold cheese (aggregate quantity)-----	4,167,000
Italian-type cheeses, made from cow's milk, in original loaves (Romano made from cow's milk, Reggiano, Parmesano, Provoloni, Provolette, and Sbrinz) (aggregate quantity)-----	9,200,100
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter) (aggregate quantity): <i>Provided</i> , That peanuts in the shell shall be charged against this quota on the basis of 75 pounds for each 100 pounds of peanuts in the shell-----	1,709,000

LIST III

ARTICLE AND FEE

Peanut oil: 25 percent ad valorem on peanut oil entered, or withdrawn from warehouse, for consumption during any 12-month period beginning July 1 in excess of 80 million pounds.

Flaxseed (except flaxseed approved for planting pursuant to the Federal Seed Act): 50 percent ad valorem.

Linseed oil, and combinations and mixtures in chief value of such oil: 50 percent ad valorem.

The gentleman from Mississippi [Mr. COLMER] mentioned tung oil, and stated that it was excluded from the President's finding. I want to say to the gentleman from Mississippi that I think he does me an injustice when he says that I was not interested in including tung oil. He indicated that those of us who were so-called deserting section 104 were not thinking about this little industry down in Mississippi, the tung oil industry. I will say to him, and I am sure he will admit, that the tung oil industry never had a better friend than the gentleman from Minnesota who is now addressing you. He did all he could to secure import quotas for tung oil and bring tung oil under the price-support program and give it protection.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(Mr. AUGUST H. ANDRESEN asked and was given permission to proceed for 3 additional minutes.)

Mr. AUGUST H. ANDRESEN. Tung oil was not included in the President's proclamation but it still is under the support program with a minimum support price of 26½ cents a pound whereas the market price today in New York is 28 cents a pound. The Government has under loan four and a quarter million pounds of tung oil. We need more than a hundred million pounds of tung oil in the United States, and we do not produce more than 40 million pounds.

I am for protecting every industry, whether it be connected with agriculture or manufacturing in these United States

from cheap foreign competition. I stand on that. And today when I recommend the repeal of section 104, which I will do in an amendment that I will propose, I do so because of the way the President of the United States and the Tariff Commission has handled this matter of placing dairy and other products under permanent import controls.

It shows that the President of the United States understands something about the problems of the dairy industry. The President has signed a proclamation that is satisfactory and acceptable to the dairy groups of this country. I have conferred with them. They agree with me that we should accept the proclamation by the President which limits import controls on dairy products, on peanuts, on flaxseed, and linseed oil. I also agree that that is the best thing to do.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Indiana.

Mr. MERRILL. As I understand it, sir, this power to regulate imports in order to protect the farm industry could have been exercised at any time in the past since enactment of section 22 of the Agricultural Adjustment Act?

Mr. AUGUST H. ANDRESEN. Yes. That was passed originally in 1935 and only six times—this is the seventh time—has that section 22 been used. Knowing something about section 22 as I helped to draft it, I feel it can be made effective, but it needs amendment which I hope we will consider in connection with permanent farm legislation or in connection with any other bill to which it can be attached.

Mr. MERRILL. Will the gentleman say this is certainly a demonstration of what effective administration under the Eisenhower leadership can do in protecting the farm situation?

Mr. AUGUST H. ANDRESEN. Yes. I certainly congratulate the President for his insight into the problems of the greatest industry in agriculture, the dairy industry, and I admire him for what he has done. He has approved a program that is going to help the dairy industry just as much as if section 104 is continued.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(By unanimous consent, Mr. AUGUST H. ANDRESEN was allowed to proceed for 5 additional minutes.)

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Iowa.

Mr. TALLE. As the gentleman knows, I worked pretty diligently for section 104. I take this time in order that I might clarify a few things.

In the first place, I am certain that the gentleman from Minnesota, as the author of section 22 of the Agricultural Adjustment Act, has been very much disappointed in the lack of enforcement of that section of the law.

Mr. AUGUST H. ANDRESEN. That is correct. I tried to get Secretary Brannan to put section 22 in operation in 1951. He refused to do so, and he

was concurred in by the then President, Mr. Truman, who refused also to take any action whatever except to permit the unlimited importation of dairy products, fats, oils, peanuts, and the other commodities covered in section 104. Let me say at this point that the gentleman from Iowa [Mr. TALLE] has rendered outstanding service for the dairy industry of this country for his brilliant work in his committee and on the floor. He is a true advocate of realistic legislation.

Mr. TALLE. On that point there are some significant statements on pages 105 and 107 of the hearings on the bill before us and I think if the Members will look at those two pages they will get the gist of the matter relating to lack of enforcement.

I come now to my second point. It was necessary then to enact into law section 104 in order to get done what the gentleman from Minnesota hoped to get done originally under section 22, is that right?

Mr. AUGUST H. ANDRESEN. Well, not fully, but the amounts permitted to be imported under section 22 or as contained in the President's proclamation are down to insignificant amounts where it will not make any material difference one way or the other. In certain instances, the import quotas on cheese are lower than they were under section 104. I am still insisting that we need amendments to section 22 which I have proposed to the Ways and Means Committee and which I will also propose to the Committee on Agriculture when we begin writing permanent farm legislation. That is the control that is necessary in certain cases, namely, to put on a complete embargo on certain imports.

Mr. TALLE. That leads me to point No. 3 in my brief examination. It appears that section 104 would have been an even better section as to results, if it had been properly enforced but it required the enactment of that section in order to arouse the executive department to make use of section 22. Of course, I am very happy to sing hosannas to the new administration for expressing a willingness to enforce section 22. Now, my question is this: If the House defeats 104 and expects to get from section 22 what we formerly got from 104, will not the criticism that was directed against 104 be shot straight at section 22, and the fight will go on with just a change in numbers from 104 to 22?

Mr. AUGUST H. ANDRESEN. In my opinion the gentleman is correct. I feel that the President did a good job in issuing this proclamation on limiting imports under section 22.

In fact, he went more than the limit under the law, and Secretary Benson and the Tariff Commission are to be commended and congratulated for taking this step to protect the greatest industry in agriculture, the dairy producers, which is the most important one in agriculture.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I rise in support of the remarks made by the gentleman from Minnesota, a distinguished leader in the dairy industry, and support his statement that further amendments are needed to section 22.

Mr. Chairman, I ask unanimous consent to extend my remarks following those of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. I understand the gentleman now is in favor of taking section 104 out of the law.

Mr. AUGUST H. ANDRESEN. The gentleman is correct.

Mr. COOLEY. The gentleman was the author of that section when it was written into the law, was he not?

Mr. AUGUST H. ANDRESEN. I was the author.

Mr. COOLEY. And the gentleman thinks that the power in section 22 is now sufficient.

Mr. AUGUST H. ANDRESEN. No, sir; I do not, but the way it has been interpreted under the proclamation issued by the President yesterday, it serves a satisfactory purpose until such time as we can get an amendment to section 22 which will permit a complete embargo on any commodity covered in section 22.

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

(Mr. AUGUST H. ANDRESEN (at the request of Mr. COOLEY) was given permission to proceed for 5 additional minutes.)

Mr. COOLEY. It is a fact that section 22 has not been criticized in the past?

Mr. AUGUST H. ANDRESEN. It has not been used.

Mr. COOLEY. All right, I was going to say it has not been used.

Mr. AUGUST H. ANDRESEN. That is right.

Mr. COOLEY. But section 104 has caused international disturbances economically, is that not true, and it has been criticized?

Mr. AUGUST H. ANDRESEN. Well, it has been criticized by people who wanted to make money by sending their competitive products into the United States because of the higher support price in this country.

Mr. COOLEY. I want to congratulate my friend on his statesmanship in that he is willing to come here now and ask us to take out section 104, and I want to assure him that it will be my pleasure to vote with him.

Mr. AUGUST H. ANDRESEN. The gentleman never favored 104. The gentleman always had a closed shop on everything he was interested in.

Mr. COOLEY. I do not want the gentleman to make me change my mind again.

Mr. AUGUST H. ANDRESEN. I do not know, we are not together very often, but the gentleman has had a closed shop on his tobacco. First it was tobacco

acreage allotment, then they passed a law here preventing any tobacco seed from being shipped out of the United States so that the people all over the world could not grow American tobacco to ship back into the United States again, so I have often commended him for the splendid job he did for his tobacco farmers. It is an outstanding example of what statesmanship can do in a case of necessity.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. I want to see if I understand the situation here. As I recall, the gentleman offered the amendment a year or two ago which became section 104.

Mr. AUGUST H. ANDRESEN. That is right.

Mr. ABERNETHY. And the gentleman offered the amendment primarily because of the dairy industry in the gentleman's State.

Mr. AUGUST H. ANDRESEN. No, I beg the gentleman's pardon. I offered it just as much for the dairy industry in Mississippi as I did for the dairy industry and the dairy farmers in other parts of the country.

Mr. ABERNETHY. I stand corrected on that. At the same time when the gentleman offered the amendment, he made an appeal to Representatives who represented other types of industry such as the vegetable-oil and the cottonseed-oil people and the tung-oil people and other types of oil, and we went along with the gentleman, is that not correct?

Mr. AUGUST H. ANDRESEN. Well, that is partly true.

Mr. ABERNETHY. Let me go a little further.

Mr. AUGUST H. ANDRESEN. Let me answer the gentleman. The cottonseed-oil people and the cotton groups are all on the other side of the fence. They are trying to knock out section 104. I know what I am talking about. I will say for the gentleman that he is a gentleman and a scholar.

Mr. ABERNETHY. The gentleman is also chairman of the Dairy Subcommittee of the Committee on Agriculture.

Mr. AUGUST H. ANDRESEN. That is right.

Mr. ABERNETHY. And this question came up in the subcommittee 2 or 3 weeks ago.

Mr. AUGUST H. ANDRESEN. That is right.

Mr. ABERNETHY. Did we not have an understanding then in which I participated and in which I agreed with the gentleman from Minnesota that we would all go along in an effort to keep section 104 in this bill?

Mr. AUGUST H. ANDRESEN. That is partly true, but after that I went before the Committee on Ways and Means, I went before the Committee on Banking and Currency and I told them that this subcommittee investigating the dairy situation had recommended the continuation of section 104 for another year.

Mr. ABERNETHY. Does the gentleman not feel like he is abandoning the rest of us?

Mr. AUGUST H. ANDRESEN. Let me answer that. The situation has changed because of the fact that the President on yesterday—

Mr. ABERNETHY. Took care of the gentleman.

Mr. AUGUST H. ANDRESEN. Issued a statement taking care of the dairy industry, of the peanut industry as well.

Mr. ABERNETHY. That is right.

Mr. AUGUST H. ANDRESEN. And of the linseed oil industry. The President has also taken care of the great dairy industry and the peanut producers in the great State of Mississippi and in the gentleman's district.

Mr. ABERNETHY. And leave the rest of us on a limb.

Mr. AUGUST H. ANDRESEN. No; he did not leave you on a limb.

Mr. ABERNETHY. I did not mean a reflection on the President, I assure the gentleman of that, but the facts are that the things the gentleman is interested in have been taken care of and the things we are interested in have not been taken care of. In order to take care of the gentleman last year, as well as ourselves, we supported the gentleman's amendment. The gentleman not more than 2 weeks ago agreed with all of us in the committee room of the Committee on Agriculture to stand pat on trying to keep section 104 in this bill. I think that is the true situation.

Mr. AUGUST H. ANDRESEN. That is true as far as it goes.

Mr. ABERNETHY. I hope the gentleman will alter his position then.

Mr. AUGUST H. ANDRESEN. If the gentleman will take some time himself, I will be glad to discuss this further.

Mr. ABERNETHY. I have been trying to explain the situation.

Mr. AUGUST H. ANDRESEN. I took this time because I felt the Committee here should have an explanation of what has transpired during the last 36 hours. The President has issued his proclamation. He has taken care of the commodities listed in section 104 except tung oil. He has met the requirements of section 104. I feel that in view of the fact that the administration, including the gentlemen who are still down here in the departments representing the Democrats, have said we should use section 22, and in view of the action taken by the President, which is eminently satisfactory and desirable, we should now abandon section 104. I have therefore taken this time to explain my position.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Kansas.

Mr. HOPE. Is there not this advantage in operating under section 22, that that is a part of the permanent law? It has been on the books for a great many years. It deals with all commodities upon which there are procedures under which marketing agreements and orders are in effect. It is likely to remain a permanent piece of legislation, whereas section 104 was a temporary piece of legislation which had to be renewed and reenacted every year, from year to year. Does not the gentleman think this is a

much more substantial basis upon which to operate?

Mr. AUGUST H. ANDRESEN. The gentleman was on the committee at the time we drafted section 22. We were unanimous for that section. We drafted it to give protection to American producers. I feel that section 22 still needs further amendments to make it more effective, but the proclamation issued by the President late yesterday covers the situation as far as section 104 and section 22 are concerned. I want section 22 amended to give the President authority to declare an embargo, when it is found necessary.

Mr. WOLCOTT. Mr. Chairman, I wonder if we cannot agree on a limitation of time on this amendment? We have narrowed the area of disagreement down to a point where I think we are substantially together on one side or the other. I ask unanimous consent, Mr. Chairman, that all debate on this amendment and all amendments thereto close in 10 minutes.

Mr. RAYBURN. Reserving the right to object, Mr. Chairman, I was wondering if a suggestion like this might appeal to the chairman of the committee, that we lay this bill aside for another 36 hours, and maybe the other folks can get a proclamation issued taking care of their interests.

Mr. COLMER. Reserving the right to object, Mr. Chairman, I hope the chairman will not rush us on this. This seems to be the real controversy in the bill.

Mr. WOLCOTT. No, there is another controversy coming up; one more.

Mr. COLMER. Do I correctly understand that the gentleman proposes to limit the time to 10 minutes on this amendment, and also on the amendment the gentleman from Minnesota has said he will offer?

Mr. WOLCOTT. I will change it to make it 10 minutes on this amendment.

Mr. COLMER. I withdraw my reservation of objection, Mr. Chairman.

Mr. MULTER. Reserving the right to object, Mr. Chairman, maybe I can facilitate matters. There seems to be considerable pride of authorship here. Suppose I withdraw my amendment, and let us go to work on the Andresen amendment. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

Mr. WOLCOTT. Mr. Chairman, I will withdraw my request also.

Mr. COLMER. And I will withdraw mine, Mr. Chairman.

The CHAIRMAN. Without objection, the unanimous-consent requests are withdrawn.

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: On page 25, strike out line 12 and all that follows, down to the period in line 16, and insert in lieu thereof the following:

"(a) Title I (except section 104), title III, and title VII (except section 714) of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1954..

"Section 104, title II, title VI, and section 714 of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953."

Mr. AUGUST H. ANDRESEN. Mr. Chairman, this amendment seeks to do what the amendment offered by the gentleman from New York [Mr. MULTER] sought to do, repeal section 104.

There is not much I can add to what I have already said about repealing section 104. Section 104 is not necessary, considering the proclamation of the President, based upon section 22, which limited the imports of dairy products, on peanuts, peanut oil, flaxseed, and linseed oil. I feel, and the producers who have their representatives here in Washington feel that the action taken by the President under section 22 is as satisfactory as could have been secured under section 104. The action taken by the President, under the recommendation of the Tariff Commission, is of a permanent character in the nature of regulation and law, while section 104 is a matter that has come up every year where we have had a great deal of controversy over it. Even the importers said they preferred to have section 22 in lieu of section 104.

A great deal of our problem in the past has been over the maladministration of section 104 and some of the other laws passed to protect the producers of this country. Had there been proper administration of section 22 back in 1951, there would not have been any section 104. Secretary Brannan refused to put section 22 into operation. The President refused to put section 22 into operation. Then necessity forced us to come up with section 104, which has twice been approved by Congress.

The manner in which the Tariff Commission has handled this investigation under section 22 of the commodities listed in section 104, is something for which they should be commended. It is the speediest action I have ever seen, and I have been here for over 25 years. Probably that was due to the fact that the President wrote a letter to the chairman, asking them to conduct an immediate investigation. That was done, and the Commission reported on June 1 to the President, and yesterday the President issued his proclamation fixing the maximum amounts of dairy imports, and these other commodities, that could come into this country. To me, what the President did is highly satisfactory and very commendable. It demonstrates that he knows something about the problems of the dairy farmer, and I am sure the dairy farmers of this country will applaud him for the action he has taken in this vital matter.

Mr. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Kansas.

Mr. GEORGE. If we vote down the gentleman's amendment and restore section 104, we will still have section 22 on the statute books. Would not the dairy industry be doubly protected that way?

Mr. AUGUST H. ANDRESEN. No; because this proclamation of the President, using section 22, only becomes effective if section 104 is repealed or expires on June 30, 1953.

Mr. GEORGE. What is included in 104 that is not included in the President's proclamation?

Mr. AUGUST H. ANDRESEN. Well, tung oil is one of them. The other might be other fats and oils that are not troublesome at the present time. They have been troublesome, but at the time this was drafted, all fats and oils were included.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I would like to ask the gentleman from Minnesota how much Cheddar cheese would be allowed to come into this country if section 104 were continued for another year, and how much is allowed under the President's proclamation?

Mr. AUGUST H. ANDRESEN. In Cheddar cheese, which is the principal cheese produced in the United States, in all parts of the country, the quota under section 104 was approximately 5,500,000 pounds. Under the President's proclamation it was cut to approximately 2,780,000 pounds, or about in half.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(On request of Mr. BROWN of Georgia and by unanimous consent, Mr. AUGUST H. ANDRESEN was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. BROWN of Georgia. I would like to pay the gentleman a compliment, as last week he was about the best witness I ever heard for the continuance of section 104.

Mr. AUGUST H. ANDRESEN. I thank the gentleman.

Mr. BROWN of Georgia. In reply to the question I asked him in the committee he said that section 22 did not give the relief that section 104 of the present law gives. Is not that true?

Mr. AUGUST H. ANDRESEN. Ninety percent of the effectiveness of a law is the manner in which it is interpreted and administered. The interpretation which the President has placed on it makes it nearly equal to and better in certain respects than section 104.

Mr. BROWN of Georgia. That was not the gentleman's view last week, was it?

Mr. AUGUST H. ANDRESEN. Last week we did not know what the President was going to do.

Mr. BROWN of Georgia. I know, but the gentleman made the statement that section 22 did not meet the need as well as section 104.

Mr. AUGUST H. ANDRESEN. That depends on the commodity listed there. On some commodities it is better, on others it is not as good. It depends on the way the law is administered.

Mr. BROWN of Georgia. And the gentleman stated again that the cotton people were very much against section 104. I supported your section 104 from the beginning because I thought the dairy people ought to have the same kind of protection as the producers of other commodities in the country.

Mr. AUGUST H. ANDRESEN. And I have always appreciated the gentleman's position.

Mr. BROWN of Georgia. Now why did the gentleman state that the cotton people were against section 104? I think I know as much about the cotton industry as any Member present; why did you make that statement?

Mr. AUGUST H. ANDRESEN. The Cotton Council is taking a definite stand against section 104. But that is their business. I can tell you this, the oleo industry happens to be on our side in this fight.

Mr. BROWN of Georgia. Why not let 104 stand? If it will do no harm, in view of the President's proclamation, let us have both.

Mr. AUGUST H. ANDRESEN. I thank the gentleman for supporting me on my proposal on 104, and I want to thank the committee for what they did. I am just now explaining why I think it should be repealed. The situation has changed since I appeared before the gentleman's committee strongly urging section 104. The President has imposed import quotas which are satisfactory. Had I been informed of what the President intended to do in establishing import controls, which became available to me only yesterday, I would not have appeared before his committee urging reenactment of section 104. I trust that the gentleman will clearly understand my position, which I can assure him is in good faith and with no intent to mislead any of my colleagues.

Mr. LAIRD. Mr. Chairman, I commend President Eisenhower for his proclamation of yesterday. The dairy farmer and the entire dairy industry is grateful for the President's prompt action under section 22 of the Agriculture Adjustment Act in imposing import quotas for the coming year. I have always been in favor of section 104 of the Defense Production Act, however, the United States Senate refused to include section 104 in the Defense Production Act (S. 1081) last month. The President's prompt action was indeed most necessary.

I am well aware of the need for this Nation to have a sound foreign-trade policy. The people of my district are keenly aware of the tremendous importance, however, of the dairy industry to the State of Wisconsin, and to our entire Nation. Section 104 of the Defense Production Act was adopted for the purpose of protecting the dairy industry against the importation of dairy products in amounts that would injure the domestic market would cost American taxpayers untold millions, and would destroy the agriculture support program. Section 104 was necessary to insure that this agriculture support program did not become a support program for the world dairy production. Section 22 of the Agricultural Adjustment Act and the escape clause of the Reciprocal Trade Agreements Act provide for protection to agriculture when such protection is needed in the opinion of the executive branch of the Federal Government. Section 104 was necessary because of the failure of the past administration to perform its duty. Under section 22 as presently worded it is necessary for the horse to be out of the barn before the barn doors can be closed, and I am

hopeful that the 83d Congress will amend this section. It is my opinion that the importance of the dairy industry and the present support legislation require protective legislation. An amendment is needed to section 22 so that it is automatic in operation and that temporary action can be taken pending Tariff Commission hearings.

It is true that section 104 as interpreted by former Secretary of Agriculture, Mr. Brannan, was not as effective as it could have been. In testimony before the Agriculture Subcommittee of the House Appropriations Committee, it was brought out that the Production Marketing Administration made recommendations that section 104 be applied to the importation of dried whole milk, dried buttermilk, and dried cream, to the former Secretary of Agriculture. Mr. Brannan refused to carry out the provisions of section 104 in direct violation of the intent of this Congress. Section 104 was not administered by the former Secretary of Agriculture in accordance with the intention of the United States Congress. The 15-percent tolerance amendment which was passed by the United States Senate as an amendment to the House version of section 104, was given an overall interpretation by the former Secretary of Agriculture. It was not until December that Mr. Brannan belatedly got around to restrict the imports of dried whole milk, dried cream, and dried buttermilk. Our former President, even at that time, bitterly objected to the action of the Secretary of Agriculture, but under section 104, the Secretary of Agriculture had no other choice than to reluctantly follow the requirements of the law. During the period the former Secretary of Agriculture refused to carry out the provisions of the law, the imports of dried whole milk increased from 23,500 pounds in 1950 to 38 million pounds in 1952. During the same period, the imports of dried buttermilk were increased from 500,000 pounds to 12,500,000 pounds. Because of these imports, we found ourselves in a position where our price-support program was being used to support foreign markets and the basic concept of the program in assuring an adequate return to the American dairy farmer was being made a sham.

Mr. Preston Richards, Assistant Administrator for Commodity Operations, Production Marketing Administration, stated before the Agriculture Appropriations Subcommittee on Tuesday, April 14, 1953, in answer to my question:

Mr. LAIRD. Did that have any effect in breaking the butter market?

Mr. RICHARDS. There was more butter coming in at the time the market was breaking, which I guess was used for the same purpose, for butter, and to the extent that it added to the butterfat supply, I think it affected the market.

Mr. LAIRD. If you recall butter was remaining above the parity figure and at the time that the butter market was lowering, the greatest imports came in of this dried whole milk powder, dried buttermilk, and dried cream. I want to know why the Department of Agriculture was so reluctant about imposing these controls? Did the PMA people recommend that they not go along and impose these controls that Congress had provided?

Mr. RICHARDS. Action along that line was recommended to the Secretary at that time, and he did not choose to act.

Mr. LAIRD. The Secretary of Agriculture did not choose to act?

Mr. RICHARDS. Yes.

The quotas for the first quarter of calendar year 1953 were set by the former Secretary of Agriculture. Secretary Benson was responsible for setting the quotas for the second quarter of calendar year 1953, and he immediately announced that under the provisions of section 104 an embargo would be placed upon dried whole milk, dried buttermilk, and dried cream.

The new administration's position regarding import controls was outlined very well by Secretary of Agriculture, the Honorable Ezra Taft Benson, in testimony given before the special subcommittee to investigate the dairy industry in the United States. On April 14, 1953, Secretary Benson under questioning by our colleague the gentleman from Minnesota, Hon. AUGUST H. ANDRESEN, had this to state:

Mr. ANDRESEN. As I understand your statement, you believe that permanent legislation is necessary to have import controls of dairy products at the present time and also for the future.

Secretary BENSON. Yes, Mr. Chairman. So long as we have price-support programs which tend to keep our prices at a higher level than the world market it seems to me we need protection against imports and that would certainly apply to dairy products which are under support programs now.

Mr. ANDRESEN. I might say to you, Mr. Secretary, that I helped draft section 22 before this committee.

Secretary BENSON. I knew of your interest in it.

Mr. ANDRESEN. And legally I thought at that time it would serve a purpose of giving permanent legislation to initiate import-control regulations in the event it was necessary. I might give you a little history on section 104, as I was the author of it. In May of 1951 I was advised by the Department of Agriculture that they would no longer continue import controls or embargoes on butter or other dairy products. Butter had been embargoed under provisions of the Second War Powers Act, and immediate action was necessary, and therefore we resorted to the provisions of section 104 so long as the executive branch of the Government refused to carry out the provisions of section 22, and also of section 8 of the Reciprocal Trade Agreements Act.

The only thing we could do to prevent a flood of cheaply produced imports of butter and other dairy products was to take the action that we did. At that time I felt that section 104 should be permanent legislation, at least for a period of 3 years. A conference committee at that time thought that probably matters could be straightened out in 1 year, and the law expired on June 30, 1952, on the section. No change had taken place in the situation and the Government was still supporting the price of the butter and other dairy products and therefore it was deemed advisable, over the protest of importers and the executive branch of the Government, to reenact section 104 as a part of the Defense Production Act.

Had the executive branch of the Government carried out the provisions and authority under section 22 there would not have been any need for section 104. I also want permanent legislation, because to go through a fight like this every year is difficult and tiresome, and I know that it causes economic upheavals, just like daylight-saving

time. Your statement and recommendation to this committee will be very helpful.

Our test is how the law will be administered. I cannot go along with the statement of Mr. Linder of the State Department, nor of Mr. Short who does not recommend any amendments to section 22. We have to be realistic about this matter of the dairy industry and other branches of agriculture.

The situation which has developed in the dairy industry is particularly distressing—not only to the industry, but it should be to the consumers of the country—because at the present time according to the information submitted by your department we now have the lowest per capita production of milk, the lowest per capita consumption of milk and the highest price that has ever been paid by the consumers in this country.

Milk is still a vital product. To secure abundant milk production and production of other dairy products in this country we must certainly give some encouragement to the producers in the United States if they are to stay in business. I have seen too often when imports have destroyed the production in the country, and wool is a typical case.

The wool industry has gone down from around 56 million head of sheep 10 or 12 years ago to around 25 million head at this time and when our country becomes dependent upon foreign countries for what we need because of shortages in the United States, we generally pay the price, and we pay it through the nose.

If section 22 is amended in accordance with your recommendation, to make it effective, you propose that some emergency authority be given to the President, acting on the recommendation of the Secretary of Agriculture, that immediate action can be taken before the Tariff Commission makes its investigation?

Secretary BENSON. Of course if we could be assured of very prompt action through administration, there would not be the urgent need for some type of emergency legislation. The experience in the past rather persuades one that that action may not be very prompt. However, I have been very pleased personally with the response which the President has made in directing the Tariff Commission to make the study and the response from the Tariff Commission. I have complete confidence in Dr. Brossard, the new Chairman of the Tariff Commission—he understands the agricultural problem, he is sympathetic—but it seems to me there might arise and will arise, emergencies in which there will not be time possibly for the Tariff Commission to make its findings and report back to the President.

In such cases it would seem there should be emergency authority granted to the Chief Executive which he might, if he wished, delegate to a member of his Cabinet in order to meet such emergency conditions.

I did not intend to be unduly critical of the Tariff Commission in the past. I imagine probably the inaction has been due, in part, to the failure of the Chief Executive to act, as well as delay on the part of the Tariff Commission, which has taken considerable time in its findings in some cases. I do not know just where you would place the blame, probably both places, but I am sure it has not been as effective as the Congress intended it to be.

Mr. ANDRESEN. I have had a lot of experience over 25 years with the Tariff Commission and I find irrespective of the political party in power, the Tariff Commission builds up the same kind of a bureaucracy that we have through the entire Government, where it is one delay after another, and that seems to be typical of bureaucracy.

I hope it can be corrected, because in a case like this we need immediate action to take care of a situation that has developed, and if section 104 is not renewed, nor section 22 amended promptly, and we secure improper

administration of it, then our country will be flooded with cheap imports from all over the world—butter and dairy products, fats and oils included—that will come to the United States as long as we maintain a support program.

I think they will come in here anyway, even though we did not have a support program, because of the desire of people generally over the world to sell their products in the American market, which is the best market in the world.

Would you see any objection to following the pattern of section 104 and giving the Secretary of Agriculture the authority to exercise immediate action pending a decision by the Tariff Commission?

Secretary BENSON. I think it would be well to have that authority vested somewhere in the Government, either in the Chief Executive or through him to the Secretary of Agriculture. The Secretary of Agriculture has a lot of authority now as you know, Mr. Chairman. I am not seeking for any more power or authority.

Secretary Benson discusses section 22 on April 14, 1953:

Secretary BENSON. Although section 22 was originally enacted in 1935, it was very little used. It calls for investigations by the Tariff Commission after recommendation by the Secretary of Agriculture. Only 5 such investigations have been instituted in the past 17 years. Experience has shown that these investigations are often long drawn out, and this procedure has proved to be wholly ineffective to meet the problem.

This is indicated by our experience with wool. Wool-price support is mandatory at such relation to parity between 60 and 90 percent as determined necessary to encourage an annual production of approximately 360 million pounds of shorn wool. Current production is considerably below this goal, and wool is currently being supported at 90 percent of parity. Upon the recommendation of the Secretary of Agriculture that imports of wool were interfering with the wool-price-support program, the President directed an investigation under section 22 which was instituted by the Tariff Commission and hearings were held commencing September 29, 1952. Up to this date no report has been made by the Tariff Commission. Imports of foreign wool have been received in large quantities, and the marketing of domestically produced wool has been materially retarded. Commodity Credit Corporation presently holds under loan about 100 million pounds of 1951- and 1952-crop wool, representing almost half of the 1952 production. In the 12 months ending December 31, 1952, imports of wool have been 300 million pounds (actual weight basis, dutiable wool). We are simply immobilizing our domestically produced wool, and it is being replaced by imports.

We feel strongly that Congress intended section 22 to be used and used effectively whenever necessary to protect price-support and other programs. The statutory history clearly so indicates. I am sure that some effective means of controlling imports of agricultural commodities and products is absolutely essential to the success of many of this Department's programs. If commodities which are susceptible to import competition are supported in price, or if marketing is limited by marketing orders, marketing quotas, or the like, the quantity of the domestic products withdrawn from the market, in the absence of such controls, will simply be replaced by imports of like competitive products from abroad. Such imports impair or destroy the effectiveness of the Department's programs and prevent American growers from deriving the benefits the programs are designed to afford them. With increasing competition appearing from abroad and with increasing surpluses developing in this country, the future success of many of our

programs is largely dependent upon the existence of adequate machinery for import controls and its prompt and effective utilization in all proper cases.

Section 22 can and should be strengthened to meet this need. The President's authority under section 22 covers all agricultural commodities, and products thereof, for which the Department of Agriculture has a program. Moreover, it is embodied in permanent legislation. The problem is not a temporary one; it will be with us as long as we have any programs that keep our domestic prices above the world level.

As I have already shown, section 22 has not been administered in the past in such a manner as to meet the problem. But it can be made an effective instrument by improved administrative procedure and by supplementing it with authority, in an emergency, to impose the quotas or import fees within the limits specified by the section, on an interim basis pending decision by the Tariff Commission and action thereon by the President. So strengthened, section 22 would assure the protection of the Department's price-support and other programs against interference or nullification by the distortions in international trade which such programs are likely to create.

On April 8, the following letter was sent by the President to Chairman Brossard of the United States Tariff Commission:

THE WHITE HOUSE,
Washington, April 8, 1953.

DEAR CHAIRMAN BROSSARD: The Secretary of Agriculture has advised me that he has reason to believe that, on the assumption that section 104 of the Defense Production Act expires on June 30, 1953, articles now restricted under that section are practically certain to be imported under such conditions and in such quantities as to render ineffective or materially interfere with price-support or other programs undertaken by the Department of Agriculture.

In accordance with the provisions of section 22 of the AAA, as amended, I am directing the Tariff Commission to make an immediate investigation of this matter and to give precedence thereto, with a view to recommending to me such action as would be appropriate under section 22, having in mind the desirability of completing its findings and recommendations by June 1, 1953.

Sincerely,

DWIGHT D. EISENHOWER.

Secretary BENSON. In response to the foregoing letter, the Tariff Commission has announced the institution of appropriate investigations under section 22 concerning dairy products and other commodities. Public hearings will be held on May 4 and 7.

The result of this request of the President was that hearings were held by the Tariff Commission. The President incorporated the recommendations of the Tariff Commission in his proclamation dated yesterday, June 8, 1953. As pointed out by our colleague from the great dairy State of Minnesota [Mr. AUGUST H. ANDRESEN] the proclamation of the President answers the need of section 104 of the Defense Production Act.

The President's proclamation provides for a maximum import quota on Cheddar cheese from July 1, 1953, to June 30, 1954, of 2,780,100 pounds. Under section 104 if reenacted the estimated quota would be 5,500,000 pounds. If section 104 is in effect on July 1, 1953 the President's proclamation does not take effect.

Our colleague from Minnesota, Hon. AUGUST H. ANDRESEN, has indeed carried on a valiant crusade for the American dairy industry. We in Wisconsin are indeed most indebted to him for his fine

work in the interest of the American dairy farmer. Our Wisconsin dairy farmer is put at a disadvantage on a price basis with foreign imports. The Wisconsin dairy farmer has been recently required to make considerable investment, under the milk production improvement program, in expensive milk houses and expensive equipment. He produces his milk at a much higher labor cost. Further requirements of brucellosis and tuberculosis control programs protect the consumer and farmer, but do add to his cost of production. Since World War II, this country has helped to rebuild the dairy industry abroad to a point where production so exceeds demand that it was possible in 1952 for them to import large quantities of dried whole milk, dried buttermilk, dried cream and cheese to the United States. In dried whole milk alone this country imported the equivalent of approximately 304 million pounds of whole fluid milk at a time that the Commodity Credit Corporation was buying our own production under the existing price support laws. Certainly, we should not continue to use the agriculture support program to take care of these foreign surpluses of milk, cheese, or butter which are not produced, under the same sanitary standards as required here in the United States.

It is necessary for the United States Department of Agriculture, our universities and dairy industry to step up their research program on new uses for milk production. With this in mind, we have included an increase in the Bureau of Dairy Industry's research budget for fiscal year 1954 in the Agriculture appropriation bill which recently passed the House of Representatives. We expect this research program to be stepped up in fiscal year 1954. It is also necessary for the ADA to step up its farmer-supported advertising program in order to attract and increase consumer demand. All these things are being done.

Mr. HAYS of Ohio. Mr. Chairman, I raise in opposition to the amendment.

Mr. Chairman, I am really sorry that the House has not been in order during the last 15 or 20 minutes, because in the well of this House took place the most amazing exhibition of mental gymnastics, cerebral flipflops, and cranial circumlocation I have ever seen in my life. The gentleman—and I have a very high regard for him and have cooperated with him on numerous occasions—the gentleman from Minnesota spent a good part of 2 days before my committee less than 2 weeks ago vigorously advocating the very thing he now seeks to repeal. The gentleman not only vigorously supported his contention but he said there were 7 reasons, and he enumerated them in the hearings, as to why section 104 should be continued, and 1 of them is certainly very pertinent to his attitude here. He said, and I quote:

Section 22 will not provide effective import control legislation.

Then he went on to say:

The Secretary of Agriculture states that section 22 is in need of effective amendment that will give him the authority to adequately limit import of dairy products.

Then he goes on in this particular volume of the hearings to use 38 pages to make his case, which is more than he used here this afternoon to try to unmake his case.

As far as I am personally concerned I think I made my position perfectly clear when I spoke before; but let me say this, and I want to speak especially to my friend from Indiana: You can pat yourself on the back and compliment yourself about the Secretary of Agriculture—and I have a great respect for him and I think he is trying to do a good job—do not jump too quick, because it is pretty hard to know what will be the situation a short time from now. Let me say to you that farm prices have been going steadily down for the past 6 months and more, through parts of two administrations, and the farmers are going to look to the fellow in power; and all the speeches you make here about what a great job he is doing will not do any good if prices continue to go down. I am not talking about politics now, I am talking about the fact that a substantial drop in farm prices is always the prelude to ills throughout the whole economic structure.

One of the Assistant Secretaries of Agriculture, a fellow I like and have a great deal of warm feeling for, Mr. John C. Davis, of Cleveland, formerly of the Cleveland Plain Dealer, wrote for 20 years up there on how to solve the farm problem. He was writing an article every day and it was easy. I told him in my office the other day that I felt sure that he would find it more difficult to solve farm problems than to write about them.

Section 104 has been doing a fairly decent job for what it was intended. All I can say is if you jerk the rug out from under now, you do not know what is going to happen under section 22, you do not know whether the Tariff Commission will change its mind next week, you do not know whether this is bait to get 104 repealed. If you want to take those risks I am pointing out to you, be prepared to stand by them a year from now because again I say all the speeches we make today are not going to do us much good if prices go down. If having a memory like an elephant makes you a Republican, maybe I am sitting on the wrong side of the House, but I remember what was said 2 weeks ago, and it sounds entirely different from the same gentleman today. I do not know how some of these things will read a year from now, but I know if farm prices continue to go down they are going to make embarrassing reading for somebody.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

Mr. COLMER. Mr. Chairman, reserving the right to object, I repeat what I said a moment ago. The situation is no different than what it is now. One amendment was withdrawn and now the same request is made for 10 minutes. Some of us are very much interested in this matter. I would like to have 5 minutes to speak on this amendment

and I hope the gentleman will not press his request at this time.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

Mr. COLMER. Mr. Chairman, reserving the right to object, and I am not going to object, I just hope we may have a little time.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. ABERNETHY].

(By unanimous consent, Mr. ABERNETHY yielded 1½ minutes of his time to Mr. COLMER.)

Mr. ABERNETHY. Mr. Chairman, I presume that most of you heard the colloquy between me and my distinguished friend from Minnesota [Mr. AUGUST H. ANDRESEN], the author of this amendment, a few minutes ago. I just want the House to know that 2 or 3 weeks ago we had a distinct understanding and agreement in the dairy subcommittee headed by the gentleman from Minnesota to the effect that we, the members of his subcommittee, including the gentleman and myself, that we would come to the floor unanimously in support of retaining section 104 in this bill.

I supported section 104 when it was first offered by the gentleman from Minnesota. I am not too certain I was right, but I feel that I was. There is a difference of opinion, even in my own delegation.

Apparently the gentleman now has the protection which he wants for the dairy industry in the President's recent order. But what about other segments of agriculture? What about the tung-oil growers represented by my able friend the gentleman from Mississippi [Mr. COLMER]? Are they to be left out in the cold?

I regret that my friend from Minnesota has opposed this amendment in face of our previous agreement. I hope it is defeated.

(Mr. ABERNETHY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Chairman, what I would like to do here today is amend the presidential proclamation. Unfortunately that is beyond our reach here on the floor of the House. I regret to see that some of my friends on the Republican side of the aisle, who have cooperated and had our cooperation in trying to meet these problems, now that their own situation is eased, take a different attitude and say now they have no further interest since the President, by Executive proclamation has given effect to section 104 by use of authority under section 22. They would let tung oil and other products hang as high as Haman, so to speak, since they have their own problem taken care of by the Presidential proclamation.

Section 104 is drastic. The administration should be for it or against it. It is either good or bad but here once again the administration seems to be for it if it helps those representing the cheese and butter areas but against meeting the issue on its merits and treating areas with similar problems the same.

I want to say here that in dealing with the problem of agriculture we need to show a spirit of fairness. Our friends of the Republican administration have several times already appeared inconsistent to say the least. They came in opposed to firm price supports for even basic commodities, but shortly after coming in they go all-out for firm 90 percent of parity support for butter, with no limit. Strangely enough most butter producers are in Republican areas. This program, like the potato program of a few years ago, threatens the whole farm program if continued without limit.

Some weeks ago the administration, opposed to firm price supports even for basic commodities, endorsed and tried to pass through the House of Representatives a bill providing for retroactive 90-percent price support for the Maryland tobacco farmers, after the farmers of the area had voted overwhelmingly against limiting individual acreage as required by the law. Strangely enough that area is represented by a Republican who said passage of the bill meant \$5 million to the farmers of the area.

Here, again, it would appear they were playing favorites. Section 104 has general application. It has caused problems it is true, but do not keep it in effect for the butter industry by Executive order but repeal it so far as the industries of the South are concerned. We are not so fortunate, if I may say so, as the gentleman from Minnesota who prevailed on the President for a proclamation to take care of his particular industry. But, we are Members of this Congress; we represent different sections of these United States. Let us keep section 104, because it applies generally, until we can have time to try further to prevail upon the President, who I feel wishes to deal fairly, to treat the tung industry equally as well as others are treated.

Do not leave tung oil in an unprotected position and the dairy and the butter industry protected, because just as sure as you do, my friends, you are rendering a disservice to American agriculture.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Chairman, I must confess a considerable confusion over the situation in which we now find ourselves. I think all of us appreciate that section 22, as it is presently written, is not effective enough to give us the type of protection that we need in order to have a proper price-support program. That is not to say that section 22 does not serve a purpose. I think it does but it must be understood that it limits the authority of the President to act in what I believe is a completely ef-

fective manner in dealing with imports which threaten the price-support program. Under section 22, as now written, he has no authority to take immediate action. He must wait upon a recommendation of the Tariff Commission. This should be corrected. We must also understand that section 22 limits the President's authority to impose quotas to a minimum quota of 50 percent of the imports during a representative period. This means that section 22 prohibits the President from imposing embargoes.

It is most pleasing to me to see that the President is going to use section 22. In his recent proclamation I believe he has gone as far as this law will permit in restricting the importation of certain dairy products that are now being purchased under our agricultural price-support program. However, as long as section 22 does not provide for immediate emergency action and does not authorize embargoes it is not completely effective. Section 104, on the other hand, can be completely effective in protecting the support program for fats and oils. When I speak of an effective program to protect price controls, I mean a program which will make it unnecessary for the Government of the United States to buy 1 ounce or 1 pound or 1 cent's worth of foreign commodities while it is engaged in buying under the price-support program so as to protect the price of domestic producers. If the Government is buying cheese to maintain a support price for cheese, we should not import 1 ounce of cheap foreign-produced cheese. The same goes for potatoes, or butter, or any other commodity. Section 104 permits the President to embargo cheese and butter; section 22 does not. Let me point out that under the President's proclamation we are going to import 707,000 pounds of butter. Assuming that the butter situation does not iron itself out in the next 12 months and the Government is continuing in a price-support program, this means the Government will be forced to buy an additional 707,000 pounds of butter. You may say this is not very much, but if my arithmetic is not too far off that means that the Federal Government is going to have to pay out at least \$473,690 in order to purchase this additional butter. This is taxpayers' money that should be saved. I point out that this same situation will exist as far as other commodities are concerned. In my judgment this cannot be condoned. As long as we must buy butter under the support program there should be an embargo on the importation of foreign butter. With the elimination of section 104 the President will have no authority to impose embargoes.

Mr. Chairman, I have great difficulty in determining where we will be at with reference to our support programs if section 104 is not continued in the law. It seems to me that until section 22 is amended so as to authorize the use of embargoes and to provide for speedier action by the President, we should keep section 104 on the statute books.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. SMITH].

Mr. SMITH of Mississippi. Mr. Chairman, I am sandwiched in here between my colleagues from the good State of Mississippi who have differing views about this issue, but I think that a view should be expressed in support of the action taken by the President of the United States and the action taken by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], who has recognized, as has the President and the Secretary of Agriculture, that section 104 has been a bulky impediment upon the entire economy and foreign policy of the United States, that it has served overall to create such a barrier to the development of trade that it has become too burdensome a task to carry on in the new administration if it is to meet the program that it has announced. I am glad that section 104 is being stricken out of the language of the bill.

It is unfortunate that the President in his proclamation yesterday failed to provide some additional safeguards for the tung oil, if it is so needed, but he has the authority under section 22 to provide such protection. If he fails to do it, shame upon the President for not doing it. He has full authority under section 22 to do it, acting through the Secretary of Agriculture.

The suggestion was just mentioned by the gentleman from Wisconsin that under section 22 we are going to have to buy butter. What does he think we are doing now under section 104? We are buying butter by the boatload.

Section 104 today is working against the best interests of any agricultural producer who wants to provide a market for his products on the national and the international level. If the history of section 104 is carefully interpreted, it can be shown very clearly that any advantage section 104 has brought to the butter industry has been nothing in comparison to the damage it has done to cotton and other export agricultural production industries.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Chairman, I had no idea when this started that we were going to have a rollcall of the Mississippi delegation. I respect the views of my colleagues. I have no fault to find with anyone who honestly differs with me on any matter. I think we can always find a reason for that. As far as my friend the distinguished gentleman from the great delta section of Mississippi [Mr. SMITH] is concerned, I think one of my colleagues over here pointed out a moment ago that we are not importing any cotton into this country. Therefore that takes care of that situation.

As far as the merits of this proposition are concerned, if I may appeal to you in a sense of fair play, in the few minutes I have, I want to ask you to go along with your committee that reported out this bill with section 104 in it. It is true that my distinguished friend from Minnesota [Mr. AUGUST H. ANDRESEN] has been a great help to me in my industry, and I admit everything he said he contributed. I again express my appreciation to him

for it. Nevertheless it is true that he has taken a little change of attitude on this matter. Again, maybe there is a reason for that; in fact, he very frankly states there was. But I am afraid my friend has been sold a bill of goods by somebody back in the dairying land. You know how we get these wires when they come in when these matters are up. Some man downtown here decides they should send some wires from out in the field to the Members of Congress, and here they come in.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman knows nobody sells me a bill of goods unless I believe in it.

Mr. COLMER. I believe that.

Mr. AUGUST H. ANDRESEN. I think, as far as any man in Congress, I have tried at least to assist the gentleman in taking care of his commodities, and I intend to continue doing so.

Mr. COLMER. Again I appreciate what the gentleman has done, but I am giving the gentleman's attitude now, and I do think he has changed.

This is what he said 2 weeks ago:

Mr. AUGUST H. ANDRESEN. I have had a lot of experience over 25 years with the Tariff Commission and I find, irrespective of the political party in power, the Tariff Commission builds up the same kind of a bureaucracy that we have through the entire Government, where it is one delay after another, and that seems to be typical of bureaucracy.

I hope it can be corrected, because in a case like this we need immediate action to take care of a situation that has developed, and if section 104 is not renewed, nor section 22 amended promptly, and we secure improper administration of it, then our country will be flooded with cheap imports from all over the world—butter and dairy products, fats and oils included.

That was the gentleman's attitude 2 weeks ago. Today something has happened and he has a different position. The umbrella which was absent yesterday is over him today.

Let us keep this umbrella over the rest of us who were not covered by the proclamation yesterday.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

The Chair recognizes the gentleman from Indiana [Mr. MERRILL].

Mr. MERRILL. Mr. Chairman, I realize the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] needs no defense from a freshman, and yet I want to say that the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] has not changed his position one bit from the time he testified before our committee and now. The facts have changed.

The reason that the gentleman from Minnesota and the reason that I voted for section 104 is this: Under section 22, before the President could act to stop imports in order to protect the markets against imports that interfered with the price-control program, before he could act under section 22, there had to be first a finding by the Tariff Commission which then would give the President the authority to act. Until there had been a finding by the Tariff Commission, the

President could not act under section 22. Until that finding was made and the President acted, there was only one protection for the dairy industry and that was section 104.

Therefore, I and many others voted to continue section 104, simply because the facts had not yet developed that warranted our removing it. But between the time that we acted and included section 104 in this bill and now, the very facts that we needed to make section 22 effective have come into being. And now section 22 gives to dairy all the protection it needs; it protects the price-support program.

It has been charged that the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] has ignored the tung oil people, and that he is taking care of his own hide and no other. That is not true. But the gentleman from Minnesota could do a better job of explaining why that is not true than I. So I ask unanimous consent to yield the remainder of my time to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], in order for him to make that explanation.

The CHAIRMAN. Without objection, the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] is recognized for three-quarters of a minute.

There was no objection.

Mr. AUGUST H. ANDRESEN. I thank the gentleman for yielding me the balance of his time.

I have said so much on this subject. I should like to say to the gentleman from Mississippi with reference to tung oil that tung oil is not in surplus production in the United States. Consequently, I assume that the Tariff Commission did not include it. The market price is above the support price. We will use at least 60 million pounds more of tung oil than we produce in this country. I am just as anxious to protect tung oil as I am dairy products. I am not sectional on this. My entire record in Congress shows that I have always tried to protect all agriculture in this country.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 86, noes 83.

Mr. COLMER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. AUGUST H. ANDRESEN and Mr. WOLCOTT.

The Committee again divided, and the tellers reported that there were—ayes 123, noes 95.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 9. Subsection (c) of section 717 of the Defense Production Act of 1950, as amended, is amended by adding before the period at the end thereof a comma and the following: "or the taking of any action (including the making of new guarantees) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this act, including actions

deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this act shall be applicable to actions taken pursuant to the authority contained in this subsection."

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 26 after line 6, insert:

"TITLE II

"SEC. 201. This title may be cited as the 'Small Business Act of 1953.'

"SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to ensure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

"SEC. 203. For purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees, and dollar volume of business.

"SEC. 204. (a) In order to carry out this policy there is hereby created an agency under the name of 'Small Business Administration' (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

"(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$250 million outstanding at any one time. For this purpose appropriations not to exceed \$250 million are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 207 (a), (b), and (c). Not to exceed an aggregate of \$150 million shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$100 million shall be outstanding at any one time for the purposes enumerated in sections 207 (b) and (c).

"(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the consent of the

Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

"(d) There is hereby created the Small Business Advisory Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Small Business Advisory Board with respect to any matter or matters. The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authority conferred upon it by this title. Such general policies shall, among other things, provide the standards (1) for the granting and denial of financial assistance by the Administration, and (2) for exercise of the powers enumerated in sections 207 (b) and (c). It shall also be the duty of the Small Business Advisory Board to periodically review the operations of the Administration and coordinate its functions with other activities and policies of the Government.

"Sec. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

"(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

"(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

"(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans heretofore or hereafter granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

"(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

"(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

"(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 207 (a) of this title; and

"(6) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans or advances made under the provisions of this title.

"(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of 1 year) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

"Sec. 206. All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit Insurance Corporation when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

"Sec. 207. The Administration is empowered—

"(a) to make loans or advances to enable small business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equip-

ment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans or advances may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:

"(i) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

"(ii) No loan or advance shall be granted under this title if the total amount outstanding and committed by participation to the borrower from the revolving fund established by this title would exceed \$100,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding 10 years; except that any loan made for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction;

"(iii) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement.

"(b) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

"(c) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

"(d) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing and operations of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

"Sec. 208. The Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by it after the date of enactment of this title to the Administration for its consideration and possible action.

"Sec. 209. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be

agreed upon between the Administration and the procurement officer.

"Sec. 210. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

"(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participants, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities of property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

"Sec. 211. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

"(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

"(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

"Sec. 212. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

"Sec. 213. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

"(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(b) to obtain information as to methods and practices which Government prime con-

tractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated 'small-business concerns' for the purpose of effectuating the provisions of this title;

"(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

"(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

"(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

"(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

"(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

"Sec. 214. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"Sec. 215. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

"Sec. 216. The Administration shall make a report every 6 months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

"Sec. 217. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"Sec. 218. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this title.

"(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(c) The authority granted in subsection (b) shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with Chairman of the Federal Trade Commission not less than 10 days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

"(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

"Sec. 219. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

"(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title. The Defense Production Act of 1950, as amended, is further amended by the repeal of section 714 of that act.

"Sec. 220. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of 2 years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within 1 year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the

Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) shall furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

"SEC. 221. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"SEC. 222. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this title.

"SEC. 223. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

Mr. WOLCOTT (interrupting reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD. I may say in support of the unanimous consent request that this is identical with the language which we adopted when we passed the bill H. R. 5141, the Small Business Administration bill, and I am doing this at the suggestion of the Committee on Banking and Currency.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

LIMITATION SHOULD BE OVER \$100,000

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the administration in power is expecting to sell valuable rubber plants and other properties belonging to agencies of the Government. If there isn't some agency like Small Business Administration, which is to take the place of RFC, that is in a position to extend adequate loans, such sales will in many instances result in a great loss to the taxpayers and will probably increase monopolistic powers in certain industries.

There is hardly a county out of the 3,070 counties in the United States that does not have limestone or a similar raw material that can be used for the making of cement. Yet, it is very expensive to build a cement plant. The number of cement plants is very few compared to the great need of the country for them. If local people get together, get up a feasible plan for the establishment of a great production plant like a cement plant, and although they are able to put up a few million dollars themselves, but they lack a million or more dollars to do the job, there should be a place somewhere in the United States where they could get consideration for that type credit. I know what some people will say, and that is that they should go to the banks and insurance companies. I had some experience in that kind of wheel-spinning.

The local bank will necessarily ask the aid of the big city bank, or the local insurance agent will confer with the home office in the distant city, and the matter will finally be passed upon in

either case by the board of directors of a big bank or big insurance company. On that board—and I do not care which board you pick out—you will find the cement industry well and adequately represented. The people who want such a loan will not have a chance. The same thing applies to steel plants, automobile plants, aluminum plants, tin plants, or in any of the others in the larger industries.

If a person should invent something new that can be used to produce something the people need, he should have a chance to get consideration of an application for a loan somewhere in the United States where it will be considered fairly and impartially without reference to conflicting or greedy interests even though the application should involve millions of dollars instead of \$100,000. In defense work thousands of concerns over the United States can produce just as much and just as good materials as any of the "Generals"—General Motors, General Electric, General Foods, General Rubber, or any of the rest of the generals—but they have to have more than \$100,000 to get their products going, so the limitation of \$100,000 assures the big fellows of protection against competition either on their level or on the level of a subsidiary, but it does deprive the Government of additional production by independent business concerns and will cause the Government to spend more money that will have to be raised in taxes.

I am afraid the bill will be worth more to big business than it will be helpful to small business. We know it will protect big business and we know, too, that it will depend upon its administration for help to small business and it will be restricted by straitjacket, limiting amendments.

Mr. RAINS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Alabama.

Mr. RAINS. Is it not a fact that if this same restriction had been in the Small Defense Plants Administration bill, 75 percent of the loans would have been refused?

Mr. PATMAN. That is exactly right. This bill I am afraid is going to grant more protection to the big people than it will afford help to the small ones. It will guarantee the big fellows and all their subsidiaries against any competition because others cannot get financed.

I assume when this goes to conference that question will be in conference and I hope the conferees can agree on taking that limitation off and leaving the definition of small business to prevail, that no application will be considered that does not come within the category of small business.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kentucky.

Mr. SPENCE. That question has been fought out, and I agree with the gentleman. I think there should be a higher limitation. It is not only the industries the gentleman has mentioned, but there is the steel industry, for instance,

Mr. PATMAN. Yes, there is the steel industry.

Mr. SPENCE. There are very many small companies that offer competition in that competitive field and they have to be stimulated in order to be kept alive. The big fellows can crush them and I do not think \$100,000 would be a sufficient loan to do the work. There is also the electrical industry, which includes the Westinghouse Co. and other large electric companies. There are many little concerns, little compared with those big fellows but they are pretty big, concerns that need accommodation greater than can be furnished in this bill.

Mr. PATMAN. I thank the gentleman. I am not asking for any vote because I think it is a violation of the agreement we had that the bill that passed the House would be offered as an amendment to the Defense Production Act, and the chairman of our committee has done that. I am not offering any amendment and I shall not make any fight, but I certainly hope the conferees will insist upon that limitation being taken off.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. Wolcott].

The amendment was agreed to.

Mr. SPENCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: Page 26, after line 6, insert the following new section:

"SEC. 10. The Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new title:

"TITLE VIII—TEMPORARY EMERGENCY PRICE, WAGE, AND RENT CEILINGS

"SEC. 801. (a) The President is authorized and directed, whenever he shall find and declare that a grave national emergency exists and that the exercise of such authority is necessary in the interest of national security and economic stability, to establish simultaneously by Executive order ceilings on (1) the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of materials and services, (2) wages, salaries, and other compensation paid or received with respect to employment, and (3) rents paid or received for the use or occupancy of housing accommodations, at the levels prevailing as of the close of business on the business day next preceding the day on which the action is taken, or those prevailing on the nearest date during the preceding 30 days on which, in the judgment of the President, they are generally representative, or if none prevailed during such 30-day period, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. All ceilings established under this title shall terminate 90 days after the issuance of such order, or at such earlier time as Congress may by law or concurrent resolution provide, and the authority conferred by this title to establish ceilings shall not thereafter be exercised.

"(b) The President may provide exemptions from, suspensions of, or adjustments to ceilings in the case of any materials or services or transactions therein, or types of employment, or housing accommodations of any class or in any area, if he finds that (1) such exemption, suspension, or adjustment is necessary for national defense, or (2) the imposition or maintenance of such ceilings

would be impracticable or unnecessary in order to effectuate the purposes of this title.

"SEC. 802. The President may make such rules, regulations, and orders as he deems necessary and appropriate to carry out the provisions of this title. Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to the recovery of possession) in connection with any housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this title.

"SEC. 803. (a) Regardless of any obligation heretofore or hereafter entered into, it shall be unlawful—

"(1) for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or to demand, accept, receive, or retain any rent for the use or occupancy of any housing accommodation, or otherwise to do or omit to do any act, in violation of this title or any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt, or agree to do any of the foregoing; or

"(2) for any employer to pay, or any employee to receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title.

The President shall prescribe the extent to which any payment (including any wage, salary, or compensation payment), either in money or property, made in contravention of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any person for the purposes of any other law or regulation, including bases in determining gain for tax purposes.

"(b) Any person who willfully violates any provision of this section shall, upon conviction thereof, be subject to a fine of not more than \$10,000 or to imprisonment for not more than 1 year, or both.

"SEC. 804. Nothing in this title shall be construed to require any person to sell any material or service, or to offer any housing accommodations for rent, or to perform personal services.

"SEC. 805. As used in this title—

"(a) The term "rent" means the consideration, including any bonus, benefit, or gratuity, demanded or received for or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

"(b) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

"SEC. 806. This title and all authority conferred thereunder shall terminate at the close of June 30, 1954, unless sooner terminated under section 717 (b)."

Mr. SPENCE. Mr. Chairman, this amendment makes the present bill conform to the bill as reported by the Senate Committee on Banking and Currency. That bill was amended by the Byrd amendment, which provided that on a declaration of war, or upon the finding that a grave emergency existed, by concurrent resolution the President was authorized to impose controls on wages, prices, and rents.

As this is a defense measure, it seems to me the greatest provision for defense and for our national security and for economic stability is this amendment. If controls are necessary to be imposed, I think it is obvious that they must be imposed with great rapidity and comparative secrecy, because if the word goes around that the controls are about to be imposed because of the emergency there will be an upward surge in prices that will dislocate our economy and weaken the efforts for our defense.

The only way this can be done, if it has to be done, is through the action of one man, the man who is charged with the duty of being the Chief Executive of the United States. It is obvious that you can get no expeditious decision on the matter from 531 persons, who constitute the membership of the Congress. When the word goes out for a concurrent resolution, the world will know it, and in that instant our economy will be dislocated, and prices will rise. If prices rise, you cannot roll them back. The only way to meet this condition is by a freeze. This amendment gives the President the power to freeze prices, wages, and rents for not exceeding 90 days.

I have heard something said about the delegation of our powers to the President. There is no delegation of powers because all the power we give him we can recapture in a day. If the Congress wants to act it has the power to act immediately. This is an emergency measure. It is given to the one man in the United States who by reason of his position can meet that emergency.

Suppose our enemies attack us. A rise in prices of 2 or 3 percent would mean untold billions added to the cost of Government of the war. It would mean maybe the difference between victory and defeat. It certainly is not a great power to vest in the President, who now has the greatest power of any elected ruler in the world, because he is the Commander in Chief of our Armies and our Navies. He knows the conditions that exist long before we know them. If there is a grave national emergency he will know it. My idea of a grave national emergency would be an impending and inevitable war, which he was making provision to fight in order to protect the liberties of our people.

Without this provision in the bill, as far as this bill being a defense measure is concerned, it is innocuous. It has nothing in it but allocations and priorities and a few inconsequential provisions as compared with this. This amendment is the very essence of the bill for defense. I ask that you consider carefully the result that might accrue if you do not give the President this power.

Mr. WOLCOTT. In the interest of expediting the bill, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, if this amendment becomes law everything, prices, wages, and so forth, will be frozen for 90 days, only, by the President. I object to a freeze of only 90 days because before the expiration of the 90 days Congress will have to adopt a new control law.

I prefer that Congress act quickly after the emergency arises and freeze all prices, and so forth, for the duration of the entire emergency. This will eliminate the temporary 90-day period which would be used by special interests, as in the past, to pressure and persuade Congress to make exceptions and exemptions, as in the past, that favor certain groups and render ineffective all control laws.

I prefer a quick freeze by Congress for the entire emergency rather than a 90-day freeze which will have to be extended by Congress which will result in giving all special-interest groups that length of time to pressure Congress and make it difficult to enact a fair law.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I indicated in general debate that I favored the idea of this standby power in the President, which is the subject of this amendment. And I favor it, because it is essentially only modern thinking.

I think with the suddenness with which events may happen nowadays, not to establish this standby power is a failure to recognize that the defense of our country and the defense of our institutions require as a unit, both economic and military.

We recognize the need immediately for an Army and Navy, right on the job, ready to go into action any minute, and to retaliate. I think we have to do the same thing with respect to the economic phase of mobilization. This amendment offers us an elementary measure of protection. It permits us to plan for and have a ready organization on the shelf to act instantly when we need it. It is an essential element of a mobilization plan in the atomic age.

I might say that hedged in as it is with the protections which the other body has written into this particular section which requires a declaration of war or a declaration of a national emergency by the Congress, the Congress can be perfectly clear that there can be no abuse of power by the Executive. Therefore, I believe that this is only a recognition of modern events, a recognition of the danger to our own security and to our own country of the need for quick economic action in an emergency and that this provision is vitally necessary.

I hope very much that the House will adopt it and effect a standby of this elementary power to protect our country upon this economic front, which is just as vital as the military front to the President, who in that case will be the commander in chief and will need this power and need it very urgently.

The CHAIRMAN. The time of the gentleman from New York has expired.

The Chair recognizes the gentleman from Pennsylvania [Mr. BARRETT].

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

Mr. BARRETT. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kentucky [Mr. SPENCE]. His amendment would give the President authority to freeze prices, wages, and rents for a period not exceeding 90 days, during which time Congress would have an opportunity to consider the entire matter. I voted for this provision when Senate bill 1081 was being considered by the Banking and Currency Committee, and I am hopeful that it will be accepted by the House. I believe it is an absolute necessity that we place standby economic controls on the statute books, so that the President may invoke them in the case of a grave national emergency. Experience has demonstrated that Congress will not act with sufficient speed.

It is entirely unrealistic to assume that Congress would take action on a resolution to freeze the economy within the time that is necessary which, according to Mr. Arthur S. Flemming, Director of the Office of Defense Mobilization, testifying on behalf of the administration, stated should not exceed 10 days. For one thing, groups representing varying viewpoints would probably request an opportunity to express their views on the resolution. For another, Members of Congress, especially those who oppose controls under any circumstances, would in all likelihood insist upon extended debate.

Equally important, once the emergency occurred, the very fact that proposed control authority was being considered by the Congress would itself act as an additional stimulus to price increases. That is because businessmen would raise their prices to the highest possible levels so as to be in a more advantageous price position if direct controls should be imposed.

Apart from this, the record shows conclusively that Congress will not act with the speed required. In World War II, for example, even though a control bill was introduced on August 1, 1941, final passage did not occur until January 30, 1942, almost 2 months after Pearl Harbor. Meanwhile, the cost of living had increased over 6 percent.

After the Korean invasion, a control bill was introduced on July 19, 1950. Again almost 2 months elapsed before the bill became law on September 8. While Congress was deliberating, wholesale prices advanced almost 8 percent and consumer prices were increasing at the rate of almost 1 percent a month.

The overriding considerations of public policy thus require vesting of authority in the President to take action for a limited period of time during which the economy can be protected while Congress deliberates the ultimate course of action.

Mr. Chairman, the people of this country simply cannot stand another wave of inflation. We have had a taste, a very foul taste, of inflation after the Communists loosened war upon the world in

Korea. I saw what it did to the people of my district. I saw the poor made poorer by profiteering in bread and milk and meat and clothing and rents. I saw school teachers impoverished by a shrinking dollar which robbed them of their will to stay on at their difficult and demanding jobs where they are so urgently needed to inculcate the meaning of democracy in our children. I saw housewives turn bitter and disillusioned by the ever-decreasing nourishment they could afford to provide their families as prices go up in cruel disregard for the people's welfare.

Why, Mr. Chairman? Why did we have this spectacle of a war far away suddenly skyrocketing the cost of things produced a few miles from home? The economists tell us it was fear buying which sent prices up; people stocking up and hoarding in anticipation of shortages they expect from the existence of war. There may be some truth in that on the overall level; there was hoarding and stocking up and advance buying and panic buying.

But who did all this buying? Not the working people in my district, nor the working people elsewhere in the country. The average-income people do not have the money to start panic-buying sprees. It is all they can do to maintain their payday-to-payday cost of living—feeding their families nourishingly, clothing them decently, educating their children. And they are able to do all this only by working mighty hard.

There was hoarding all right, though—by business buying up and stocking up on everything in sight and then waiting for rising prices to give them big inventory profits. We can prevent this from taking place again by voting for the amendment of the gentleman from Kentucky.

Mr. Chairman, I do not believe there is anyone in this country who knows more about this subject than Mr. Bernard Baruch. His statement before the Senate Banking and Currency Committee was a solemn warning to all those who adopt an ostrich-like attitude on the dangers of inflation:

If the Congress fails to enact an adequate standby mobilization law, whether you realize it or not, you will be putting a premium on selfishness. It is virtually impossible to invoke an overall ceiling properly, unless the power to act is on the statute books and at least the skeleton of the administering agency is in place before the emergency. Without this, the delay that will ensue makes it virtually certain that action will not come until the inflationary race is already underway and your whole mobilization under heavy handicap.

I urge you to vote for the Spence amendment.

Mr. Chairman, I ask unanimous consent to yield the balance of my time to the gentleman from New York [Mr. MULTER].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. BOLLING].

Mr. BOLLING. Mr. Chairman, I urge the adoption of this amendment. It is predictable that unless this amendment is adopted, should another emergency strike this country, there will be substantial delay between the event of the emergency and the passage of an economic stabilization act by Congress. What will happen will be that those who conscientiously oppose all controls at all times will fight a delaying action. Those who are for controls, but with certain exceptions will fight a delaying action. A successful attempt will be made to prolong the hearings and prolong the proceedings. On the basis of past experience it can be predicted that the only way in which we can hope to get quick action to freeze the economy in the event of an emergency is by placing in the hands of the President this type of limited standby power.

I urge the Members of the House to give very serious consideration to their responsibility to the future.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. SIEMINSKI].

Mr. SIEMINSKI. Mr. Chairman, if we gave the President the sole and exclusive judgment of dropping the atomic bomb—and no one objected to that—certainly we can give him the job of promptly saving the economy in the event of an emergency.

As the law now reads, the President can order the atomic bomb to be used in a police action, independent of Congress. It could have been so used in Korea.

This amendment, as I understand it, sets up an automatic line of procedure in the event of an emergency. The guns go off, Congress declares an emergency, the President puts in standby freezes, and Congress, during the 90 days, decides what it wants to retain or reject. The amendment protects earnings. It should pass.

(Mr. SIEMINSKI asked and was given permission to revise and extend his remarks and to yield the remaining minute of his time to the gentleman from New York [Mr. MULTER].)

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HIESTAND].

Mr. HIESTAND. Mr. Chairman, I think we all ought to realize just what this issue is. There is an issue of whether or not you want controls or do not want controls; whether you believe in standbys or whether you do not. The 90-day freeze cloaks it in temporary and emergency clothing. I think we should realize just one or two things about it: No. 1, the President has not asked for this authority; No. 2, he does not want price and wage controls. He has believed in cutting them out; he has cut them out wherever possible one after another. He believes in free enterprise without controls. No. 3, I think that we all have to agree, all of us, that any presently granted right to freeze is equivalent to a standby control. We have discussed this matter of standby controls and have voted it down. It is equivalent to a threat, and threats beget

countermeasures, countermeasures of price increases long in advance.

I have been in the thick of this thing on both sides for years. I think we are all ready to agree that a free economy is basically a strong economy; a controlled economy is basically weaker.

(Mr. HESTAND asked and was given permission to revise and extend his remarks.)

(Mr. ADDONIZIO asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. ADDONIZIO. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kentucky [Mr. SPENCE] to give the President authority to freeze prices, wages, and rents for a period of 90 days should a grave national emergency occur. I am under no illusions that I have either the eloquence or wit to convince the majority of this body that standby economic controls are a necessity. My reason for rising at this time is rather to let my constituents know in no uncertain terms where I stand on this issue.

Inflation is a terrible thing, Mr. Chairman. It is particularly terrible for the poor people—those who cannot declare themselves an extra stock dividend every time the prices of food or clothing go up, and who have to get along on what they earn by the sweat of their brow. They are the people I am worried about. They are the ones I am going to keep on fighting for in this Congress—to see that they are treated fairly and not forced to pay ever more exorbitant prices for the necessities of life or be deprived of such necessities because they cannot afford them.

Mr. Chairman, I wonder if some of those, who tell us we do not need standby controls, know how much it costs an American family to live these days? I am talking about the family which is just able to get along—not with yachts and country-club style of living, but just to keep milk on the table for the kids and keep a roof over their heads and dress the children decently enough for them to go to school, and so on.

In Newark just to keep a family of four decently alive in adequate surroundings, it costs about \$4,000 a year. That is about \$80 a week. Now, just think how many families we have who are not making that kind of money. These people simply cannot stand another round of inflation. It will destroy them.

In light of these facts, it is utterly inconceivable that this administration should have no opinion about this matter. The ambiguous and equivocal position taken by this Administration on standby controls is fantastic. Let me quote from the testimony presented to the Committee on Banking and Currency by Mr. Arthur S. Flemming who holds the dual position of Director of the Office of Defense Mobilization and Economic Stabilization Administrator. On behalf of the Administration, Mr. Flemming expressed the hope that Congress "will decide that in event of an emergency situation, it could move rapidly enough in providing authority for a freeze to deal with the problem in

an adequate manner." By rapidly enough he stated he meant 10 days. He further testified that if Congress should arrive at a contrary conclusion he was authorized to state that a bill containing a provision granting authority to the President to impose a freeze on prices and wages would be acceptable. But as to whether or not Congress would in fact move rapidly enough in an emergency he would express no opinion whatsoever even after extended interrogation. That, he declared, was a matter for Congress to decide, which, if nothing else, is at least a statement of the obvious. The point is, though, that we in the Congress, in order to make the best decision possible, should have the expert views of the persons who would have executive responsibility for administering proposed legislation.

Mr. Chairman, if disaster should strike, if we should be engulfed by another wave of inflation, this administration will not be able to escape responsibility for it. It cannot wash its hands of that responsibility.

I believe that the most astute and forthright observation on the administration's stand—or rather lack of it—has been set forth by not a Democrat but rather a man high in the counsels of the Republican Party, a man whom I do not believe anyone can accuse of being a proponent of statism, socialism, or regimentation, the chairman of the Senate Banking and Currency Committee, the Honorable HOMER E. CAPEHART. He stated:

Mr. President, I do not mind stating that I am disappointed in the Republican Party, because we are not accepting the responsibility that is ours. The responsibility of conducting the Government is our responsibility now, because we have a Republican President, and we control both Houses of Congress.

We are saying to the American people, "If a grave national emergency strikes next month or next October, we do not have the good, common horse sense and judgment now to decide what should be done in the event of that emergency."

Mr. Chairman, there is no one who knows more about these problems than Mr. Bernard M. Baruch. Our committee, unfortunately, did not have an opportunity to obtain the testimony of Mr. Baruch so as to acquire firsthand the benefit of his wisdom and abundant experience in problems of economic mobilization and preparedness. He did, however, testify before the Senate Banking and Currency Committee and stated:

To wait is to die. To wait is to make certain our mobilization will be needlessly slowed which means lengthening the struggle for victory and dooming some to lose their lives needlessly.

One or two general courses of action is possible. The wise course is to act promptly before the economy is out of hand, to preserve as far as possible the equilibrium that existed prior to the emergency.

This is the sound course of action. The other course is to wait and fiddle until the economy is out of control. Only then do you act. Your whole mobilization then becomes a wild chase of a dog after his own tail. You then have to chase the disruptions caused by the Government's failure to act in time in a frantic effort to recover

the equilibrium which should never have been lost.

The choice, in short, is between acting before serious harm is done and waiting until you are deep in trouble before acting. One course locks the stable door promptly. The other deliberately keeps the stable door open until the horse is stolen.

I am in wholehearted accord with Mr. Baruch and hope the amendment is adopted.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, may I direct the attention of the committee to the fact that this amendment now before us offered by the distinguished gentleman from Kentucky [Mr. SPENCE], is precisely the bill which was reported by the Senate Banking and Currency Committee by a vote of 12 to 3. It is to all intents and purposes exactly the same in principle as the bill which I had the privilege of offering, H. R. 3184, and which was cosponsored by some thirty-odd Members of this House from both sides of the aisle.

Let us not get the issue confused. There is no control legislation, no control organization set up by this amendment; it purely and simply gives to our President the right in the event of an emergency to freeze rents, prices, and wages across the board for a period of 90 days; and that 90-day period can be shortened to any period less than that which this Congress may subsequently decide. That can be done by concurrent resolution.

In the event of an emergency—none of us want it to happen—but with the stress of international affairs as we know them today we must prepare for an emergency just as we prepare for the defense of our shores against foreign invasion. The only way we can protect the economy of the country is to give to the man whom we can trust, the President of the United States, the power to invoke at once in the face of an emergency this authority to freeze wages, prices, and rents, right across the board, and then let us get together and take our time in this Congress and put upon the books such legislation, if any, that we may decide we need. The only way you can do it is by adopting this amendment which is offered by the distinguished gentleman from Kentucky [Mr. SPENCE]. The amendment would make it possible to invoke such direct controls in the simplest and most direct form. The President need not consult with Congress or with any advisory body as a condition precedent to the issuance of a general freeze order. He need only find and declare that a threat to the economic stability or security of the United States is threatened or exists. This places the responsibility for the initiation of such controls with our Chief Executive, the same person to whom the Constitution entrusts the conduct of foreign affairs, to wit: the President of the United States.

The Congress does not abandon its responsibility to legislate for the common defense and the general welfare. Within the 90-day period in which the general freeze shall be effective, Congress may do 1 of 4 things: First, it may

continue the general freeze and establish a date for its termination; second, it may terminate such freeze forthwith; third, it may, after due consideration, enact further legislation; or, fourth, it may decide that such controls should be abandoned after the termination of the general freeze and therefore decline to enact any further legislation.

The adoption of this amendment would assure that Congress would consider any subsequent stabilization legislation calmly and deliberately. The 90-day freeze would provide a setting in which sellers could not complain of discrimination, since their ceilings under the freeze would mirror the market sometime during the 1-month base period which the President may employ in the freeze. It is for this reason that the present bill contains no special provision for any group in the economy which would operate to upset price, rent, or wage relationships established by the freeze order. More significantly, Congress would be able to consider further legislation without the pressures which arise when costs and prices are rapidly increasing. It avoids the necessity of considering the difficult problems of rollbacks.

Under the amendment the tragic upswing in prices occurring during the 6 months following the outbreak of the Korean conflict could not recur providing the President employs the powers which this bill grants. Within a few hours of the Presidential declaration of a threat to our economic stability or security, a complete freeze of the economy could be placed into effect.

Instead of waiting for congressional action subsequent to an emergency, we thus lay the groundwork for the protection of our economic system well in advance of war-born emergencies which may threaten it. Once the forces of runaway inflation are in motion, it is much too late to then seek from Congress the necessary Executive power to stem those forces.

The Communist attack came on June 25. It took Congress until September 8 to enact a price-wage bill. This law was cumbersome and needlessly complicated. It required the President to try voluntary controls before he could resort to genuine price control. As a result it was February 1951 before the upward spiral of prices had been brought to a temporary halt. By that time, wholesale prices had gone up 16 percent and the consumer's price index had risen 8 percent. Thus, in the short space of 8 months, the consumers of this country suffered a loss of sixteen billions—all because there was no standby authority to impose a price-wage freeze.

The delay had an even more serious result; not only did prices soar during the post-Korea panic buying wage—they advanced unevenly, so that when the general price freeze was imposed, some prices had doubled while others had only risen slightly. This got us into the complicated problem of price rollbacks, and led us, eventually, to the Capehart amendment.

A third harmful result of the price rise, of course, was the immense in-

crease in our defense budget occasioned by price rises of defense items. The Defense Department was required to pay from 50 to 150 percent more for many of the standard items it bought. One item went up 610 percent. Our defense appropriations were in fact dissipated by excessive costs and prices because of the failure to freeze them in June or July of 1950.

These facts should not have been forgotten so soon. The international situation is still so precarious that we cannot afford to leave the President without authority to protect the consumers and taxpayers of this country against another crisis that would send prices soaring.

It is most apropos that I direct the attention of the Congress to the findings of the American Assembly, held at Columbia University on December 5 to 7, 1952. The purpose of the assembly was a reappraisal of inflation. Part of the records of the assembly is an interesting letter from President Dwight D. Eisenhower to Mr. Lewis W. Douglas, Chairman of the National Policy Board, which was read in his absence by Dean Philip Young, dean of the Graduate School of Business of Columbia University, and executive director of the American Assembly. I quote in part from that letter from President Eisenhower:

You will recall my saying at the time of its establishment that the American Assembly was perhaps the most important step I had taken during my presidency of Columbia University. My experiences at SHAPE, and more recently in the United States, have convinced me that the work of the American Assembly is needed more than ever.

The American Assembly must continue to furnish our citizens and our Government with objective facts, findings, and practical courses of action in dealing with vital United States problems. I am sure that, with the support and enthusiasm of public-spirited individuals and organizations, its growth will continue.

You will recall the discussions that you, Dean Young, and I have had on Morningside Heights and at SHAPE. With the other members of the National Policy Board, we have always felt that the assembly was based on two principles:

- (1) That free citizens can make up their own minds on public questions if they have access to sound, unbiased facts, and
- (2) That the practice of democracy demands individual sacrifice, particularly in reconciling divergent views in order to accomplish a common purpose.

I am sure neither President Eisenhower nor this Congress should for one moment consider ignoring the most important finding of that assembly.

I quote to you from the summary report of those findings the following:

DIRECT CONTROLS

On the question of direct controls, it was agreed that price and wage ceilings should be removed but that standby authority to impose controls should be provided.

I urge the adoption of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. TALLE].

(Mr. TALLE asked and was given permission to revise and extend his remarks.)

Mr. TALLE. Mr. Chairman, this amendment should be voted down. It cannot possibly serve any good purpose and it could do great harm because of the uncertainty and the threat to enterprise which would ensue if enacted into law. The President has not asked for this power, and in the event the direful disaster should occur which the proponents have mentioned, this 90-day freeze proposal or any other standby controls that might be provided would be of absolutely no account, for then martial law would prevail over any laws that might be enacted now.

Let me bring to you some information from a country that used controls a long time and to its sorrow learned that nationalization of industry is not the answer to the goal of a good life for an individual or a nation.

I quote from the International Financial News Survey of May 15, 1953, published by the International Monetary Fund. Under the head "U. K. Price Controls" I read the following:

On April 30, the board of trade removed the last remaining statutory price control in the United Kingdom and began to dismantle the machinery of the central price-regulation committee. Thus, price control, which has been in effect in the United Kingdom for the past 13 years, has come to an end. With steel now generally in adequate supply, the Government's allocation scheme has also been abolished.

We do not propose in this bill to go so far as to remove all allocations of strategic materials, but the United Kingdom has removed even this form of control.

The Economist, London, England, May 9, 1953, announced that—

Free trading in copper will start on the London Metal Exchange on August 5. Government trading will end on that date, and private import and sale will be permitted. The other three nonferrous metals, tin, lead, and zinc, which in prewar years had also been traded on the London Metal Exchange, have already been returned to private hands.

England has turned again to private enterprise, after learning a bitter lesson. She learned that if she walked down the road to nationalism, it meant austerity and a low standard of living for her people. In recent months she has been going forward because the spirit of private enterprise has been released. This is no time for the United States to abandon the enterprise system which has brought to our people the highest standard of living the world has ever known.

Mr. Chairman, let us show our faith in the system which has worked so well. Let us not shackle our enterprise system with unnecessary controls. Let us not cast the shadows of fear, uncertainty, and intimidation over the economy in the form of standby controls, freeze orders, or any other obstructing devices.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, I can only repeat what I said before. I sincerely hope, not only as a Member of Congress but as a citizen, that this amendment is passed because it is in the interest of our national security and the economic stability of the Nation.

If a war comes upon us, the cost may be enormous, much more than it would be if we could control prices, wages, and rents. I earnestly ask that the Members consider this carefully and prayerfully, because I think it is a very important matter that may well make for either the weal or woe of this great Nation in the future.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, I want to quote very briefly some excerpts from our report. In the first place, no one has proposed that price and wage controls should be continued at the present time.

The President in his state of the Union message stated:

The great economic strength of our democracy has developed in an atmosphere of freedom.

That almost answers the charge as to whether he wants this amendment. But on further, we find that the President has never asked for these controls and does not want standby controls. This turns only upon whether the Congress itself thinks it can act expeditiously enough to give him the power to act in time of war or a grave emergency.

It has been stated here that on frequent occasions we have acted within minutes on controversial matters and have gotten the power to the President to act expeditiously in several instances.

Quoting again from the President:

In all of our current discussions on these and related facts, the weight of evidence is clearly against the use of controls in their present forms. They have proved largely unsatisfactory or unworkable. They have not prevented inflation; they have not kept down the cost of living.

Let us take a look at this amendment which they favor to give the President this 60-day freeze power. This same language was repudiated by the other body.

Bear in mind that the President does not advocate it, he does not want it; but if we give it to him, what do we give him? We give him the authority, something which we have never given any President before, in OPS or OPA, to close every commodity market in the United States. There is hardly a morsel of food or a yard of fiber that does not move into the American markets through the commodity markets. He can disband every State public utility commission, and the Interstate Commerce Commission, under this freeze order, something that we have never given the President before. He can regulate and determine fees for services without restraint, which means that he can set fees for doctors, lawyers, and dentists, something that we have never done before.

Now if all of these dire things transpire, even if the entire Congress was wiped out—and it is inconceivable that there would not be someone acting as President under those circumstances, under the constitutional authority which the President has, he could declare martial law in the United States and go ever so much further than you give him the right to go in this amendment.

Now we have had experience enough with controls in business, industry, and agriculture; Congress and all of the agencies of Government have had recent experiences. We have had experiences throughout the last 12 years on controls. Business, industry, and agriculture know that if they put up their prices unreasonably high over a period of days, over a period of weeks, that an order can always roll those prices back to the date of the emergency. I cannot conceive of any emergency coming on so rapidly that its effects could not be corrected by a roll back. We have always given the President, when we gave him the authority to control prices, wages, salaries, and most everything else, the authority to roll back under certain standards to certain dates. Of course, we would expect it to be done, but there would be limitations, there would be standards, so that some President who might not be as benign as our present President, or those who have preceded him, could not exercise autocratic powers in an emergency. We are not dealing with personalities; we are dealing with policies here.

Mr. Chairman, I hope that the amendment will be overwhelmingly defeated.

Mrs. KELLY of New York. Mr. Chairman, section 104 of title I of the Defense Production Act of 1952 contains authority for the exercise of import controls on certain fats and oils, peanuts, butter, cheese, and other dairy products, and rice and rice products. This section which was added to the act by the Defense Production Act Amendments of 1951 has provoked much controversy.

I opposed this amendment at that time and I now sponsor deletion of it from the Defense Production Act of 1953. During the time I have been a member of this honorable body, no other amendment has resulted in more ill feeling toward the United States than this cheese amendment. At a time when the United States was making every effort to unite the free nations of the world against a common enemy, Members of this House saw fit to pass an amendment which was detrimental to our allies.

As a member of the House Foreign Affairs Committee, and particularly as a member of the sub-committee which studied East-West trade and which sponsored the Battle Act, I can truthfully say that this amendment endangers our national security. The Battle Act forbids aid to any nation which exports war potential material to Iron Curtain countries. Great cooperation by the free nations was given the United States to carry out this means of embargoing our enemy supply when this cheese amendment was enacted. The cheese exporting nations were then forced to seek markets in other areas. One nation, Denmark, was forced to exchange to Poland, ships which carried supplies to Red China.

Despite the fact that the authority to control the imports protected under section 104 has now been transferred by proclamation of President Eisenhower to section 22 of the Agricultural Adjustment Act of 1933, I hope that the committee to study the revision of section 22 will be fair in their recommendations so

that the foreign policy of the United States will not suffer but will serve to aid our allies to fill the dollar gap and by this method, will help them to help themselves and will permit the United States, in the coming years, to decrease foreign aid.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 65, noes 113.

So the amendment was rejected.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Brown of Ohio, Chairman of the Committee of the Whole-House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, pursuant to House Resolution 271, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO CORRECTION OF SECTION NUMBERS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the Clerk have permission to make such clerical changes with respect to correction of section numbers, and so forth, as may be necessary.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

GENERAL LEAVE TO EXTEND REMARKS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SPECIAL ORDER GRANTED

Mr. ARENDS asked and was given permission to address the House for 25 minutes on Thursday next, at the conclusion of the legislative program and following any special orders heretofore entered.

TENNESSEE VALLEY AUTHORITY

(Mr. RAINS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RAINS. Mr. Speaker, I am distressed to see currently a campaign to strangle, curtail and tear down one of our country's greatest resources for defense and for the development of a better life of all the people of our Nation. It apparently is no longer a secret that this Republican-controlled Congress is determined to do damage and injury to the Tennessee Valley Authority, notwithstanding the solemn campaign promises made by President Eisenhower to the contrary.

In order that the record may be clear as to the efficiency of the job being done by the TVA under the direction of its able Board of Directors, I call attention to the following four tests of efficiency and good management.

FIRST. SPEED OF CONSTRUCTION AS A TEST OF EFFICIENCY

TVA does its construction work, for the most part, by force account—that is, with its own engineering, design, and construction forces, and with its own equipment. This has made not only for economy of construction but for speedy construction when the need was greatest. Just prior to World War II, for example, in order to provide electricity for the buildup of national-defense facilities in the valley, TVA commenced the construction of Cherokee Dam on the Holston River on August 1, 1940. On December 5, 1941—2 days before Pearl Harbor—the dam was closed, in time to fill the reservoir during the winter rainy season. On April 16, 1942, the first generator at the project went into operation.

On February 2, 1942, TVA commenced the construction of Douglas Dam, on the French Broad River, using the same engineering and construction force and equipment as for Cherokee. On February 19, 1943—12 months and 17 days later—Douglas Dam was closed, again in time to fill during the rainy season. First power was produced on March 21, 1943, 13 months and 19 days after construction was started. The construction of these two projects set world's records for speed.

Fontana Dam on the Little Tennessee River was started by TVA on January 1, 1942. Besides construction of the dam, the project involved building a construction camp and village in a remote mountain area to house 5,000 people. On November 11, 1944, the dam was closed, less than 3 years after start of construction. On January 20, 1945, the first generating unit was placed on the line. This accomplishment may be judged by the fact that the Aluminum Co. of America, which had previously contemplated building a dam on this site, estimated that 5 to 6 years would be required to complete it.

These were all big projects, Fontana Dam, 480 feet high, is the highest dam east of the Rocky Mountains, fourth highest in the country. It required the placing of over 2,800,000 cubic yards of concrete. Cherokee Dam required 686,-

000 cubic yards of concrete and over 3,000,000 cubic yards of earth and rock fill. Douglas required placement of nearly 550,000 cubic yards of concrete and over 620,000 cubic yards of earth and rock.

SECOND. GOOD LABOR RELATIONS ARE A TEST OF EFFICIENCY

Since the very early days of operations, TVA has dealt with employee organizations and its relationships with the unions in the Tennessee Valley Trades and Labor Council are covered by a general agreement. Wage rates are negotiated annually on the basis of the prevailing wages in the TVA area.

The Boilermakers Journal of January 1952 summed up as follows:

We know that the working conditions enjoyed by TVA employees in its utility system are certainly equal to or better than the conditions in privately owned systems. The TVA is an outstanding example of what good labor relations can accomplish when the administrative management resists political invasion and conducts its relations with the employees on exactly the same basis as other enlightened employers.

We believe that the example of good labor relations on TVA has tended to improve the relationships between organized labor and private contractors and manufacturers in the Tennessee Valley.

The Congressional Joint Committee on Labor Relations, in its report on TVA—Senate Report No. 372, 81st Congress, 1st session—made a number of points with respect to TVA-labor relations:

TVA has been in existence over 16 years and during that period its relations with labor have been relatively free of strife and discord.

TVA and the Tennessee Valley Trades and Labor Council "have done a commendable job in the logical steps taken to avoid these"—jurisdictional—"disputes and as to how they should be handled. The experience of TVA in the handling of these difficult disputes over the past 16 years shows that with realistic and patient handling jurisdictional disputes can be resolved with a minimum of delay and difficulty to all concerned."

"The wage conference represents the peak of collective bargaining between TVA and the Tennessee Valley Trades and Labor Council." It "is a good example of real collective bargaining between labor on the one hand and management, in the form of TVA, on the other."

THIRD. ECONOMY OF CONSTRUCTION IS A TEST OF EFFICIENCY

Because no two dams or steam plants are exactly the same, it is difficult and might be misleading to make comparisons between TVA projects and those constructed by other agencies, public or private.

But some measure of the economy of TVA construction is provided in cases where TVA has contracted for a job similar to those which it has on other occasions done for itself by force account and where force account costs actually incurred by TVA can be compared with the rejected bids of private companies.

Examples are given in the hearings on the independent offices appropriation bill, 1950, starting on page 853. For example, TVA contracted for the construction of the power tunnel for the

Ocoee No. 3 dam and powerhouse project, while at the same time it constructed the tunnel for the Apalachia Dam by force account. The two projects were constructed in the same rock formation, with the same labor rates, and under the same general conditions. The actual cost of the Apalachia tunnel, constructed by force account, was about \$7,500,000. If it had been built under the Ocoee tunnel contract prices, it would have cost nearly \$9,400,000.

The same story is found in the construction of diversion tunnels at Fontana Dam, where the work was done by force account. Comparisons were made with prices at Watauga and South Holston projects, done by contract. The Watauga tunnels were built through the same kind of quartzite rock that existed at Fontana, and the tunnels were lined with concrete as at South Holston. Had the contract prices at these 2 projects prevailed at Fontana, the cost would have been \$2,176,000; the actual cost by force account was \$1,600,000.

In the fall of 1942 TVA asked for bids for channel dredging below Fort Loudoun Dam, but the bids were rejected and the work done by force account. The cost under the lowest bid would have been \$1,500,000. The actual cost by force account was \$1,370,000. Dredging below Watts Bar Dam would have cost over \$830,000 under the lowest bid; the actual cost was \$595,000.

In 1945 TVA asked for bids for the removal of the superstructure of an old railway bridge in Kentucky Reservoir area. The single bid received for the work was \$65,000, with a credit of \$9,200 for salvaged steel. This would have made a net cost of \$55,800. The bid was rejected; TVA did the work itself and did so at an actual cost of \$19,200. The salvaged steel was sold for \$13,600, making the net cost of the job less than \$5,600, compared with the net cost under the bid of \$55,800.

These actual differences between contract and force-account work do not reflect the full advantage to TVA which, by doing the work itself, saves money on inspections, on accounting, and on preparation of detailed specifications which are required even when work is done by contract.

Similar savings have been achieved in construction of steam-electric generating stations very recently. For example, the turbogenerators for generating units 1 to 4 at Johnsonville steam plant were erected under a lump-sum contract with General Electric Co. at a cost of \$894,000. The first 4 units at Widows Creek steam plant, similar in size to those at Johnsonville, were erected by TVA with its own crews for \$600,000, a saving of about \$294,000. Westinghouse erected units Nos. 5 and 6 at Johnsonville for \$359,000 under contract; TVA erected similar units 5 and 6 at Widows Creek for \$300,000.

A bid of \$2,316,000 for erection of the boilers and equipment for the Johnsonville units 1 to 4 was rejected by TVA, which performed the job itself at a cost of \$2 million.

A proposal of \$226,000 has been received for erection of condensers at the

Digest of CONGRESSIONAL PROCEEDINGS

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OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: Both Houses received President's message recommending shipment of surplus wheat to Pakistan. House Rules Committee cleared trade agreements extension bill. Senate completed final congressional action on 3rd supplemental appropriation bill. Sen. Aiken introduced bill amending wheat marketing law. Sen. Humphrey introduced and discussed bill to increase carryover and acreage allotments for corn and wheat. Sen. Aiken, and Reps. Hope, et al, introduced bills to transfer surplus wheat to Pakistan. Rep. Hagen, et al, introduced bills establishing 3-year base for determining cotton quotas, and Rep. Hagen discussed these bills. Sen. Morse introduced and discussed measure to provide timber access roads. Senate conferees were appointed on economic controls bill. Senate debated Treasury-Post Office appropriation bill.

SENATE

- ECONOMIC CONTROLS.** Sens. Capehart, Bricker, Bennett, Bush, Maybank, Fulbright, and Robertson were appointed as conferees on S. 1081, authorizing temporary economic controls (p. 6531-35). House conferees have not yet been appointed.
- APPROPRIATIONS.** Adopted the conference report on H.R. 4664, third supplemental appropriation bill for 1953 (p. 6539). This bill will now be sent to the President. The bill includes the following items for this Department: \$3,150,000 (to be derived by transfer from any other appropriations available to the Department) to begin formulation of acreage-allotment and marketing-quota programs on wheat and cotton; \$5,000,000 for construction of timber access roads to permit removal of insect-infested and insect-killed trees in Montana and Idaho; and \$7,500,000 for the rural telephone loan program.
Began debate on H.R. 5174, Treasury-Post Office appropriation bill for 1954 (pp. 6539-40, 6542-46, 6549-51, 6554).
- RECLAMATION.** The Interior and Insular Affairs Committee reported without amendment S. 2097, to increase to \$33 million the authorization for construction of the Eklutna Project, Alaska (S. Rept. 383) (pp. 6497-98).
Received an Oklahoma Legislature resolution requesting that gas-production companies in the Guymon-Hugoton field be permitted to deliver natural gas to irrigation farmers in the area to help alleviate drought without being classified as a utility company (p. 6491).
- HOUSING.** The Banking and Currency Committee reported with amendments S. 1993, to amend the National Housing Act and the Servicemen's Readjustment Act of 1944 with respect to maximum interest rates (S. Rept. 386) (p. 6495).

5. **SMALL BUSINESS.** The Rules and Administration Committee reported a resolution increasing the limit of expenditures for the Select Committee on Small Business (p. 6495).
6. **SUGAR; FOREIGN TRADE.** Received the treaty, dated Aug. 31, 1952, prolonging the international agreement regarding regulation and marketing of sugar, signed at London, May 6, 1937 (Ex. L, 83d Cong.) (p. 6554).
7. **TEXTILE INDUSTRY.** Sen. Maybank spoke on the rising economic position of the South, emphasizing the growth and development of the textile industry there (pp. 6535-39).
8. **NOMINATION** of Nelson Aldrich Rockefeller as Under Secretary of Health, Education, and Welfare was confirmed (p. 6556).
9. **FLAMMABLE FABRICS.** The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) without amendment H.R. 5069, to prohibit the movement in interstate commerce of highly flammable fabrics (p. D535).
10. **ELECTRIFICATION.** Received an amendment to the agricultural appropriation bill submitted by Sen. Young to increase to 20% the amount of money which may be allocated to a State from the REA contingency fund for rural electrification (p. 6490).
11. **TREATIES.** Sen. Brieker inserted two resolutions and an editorial in favor of his proposed constitutional amendment to limit the treaty-making power (pp. 6491-92).
12. **CATTLE INDUSTRY.** Sen. Thye inserted an American National Cattlemen's Association memorial to Congress and the Secretary setting forth the proposals by which the cattle industry is attempting to find a solution to its problems (pp. 6493-94).
13. **EXPENDITURES.** Sen. Schoeppel inserted a Wichita Manufacturers' Club resolution urging Congress to eliminate wasteful operations and unnecessary spending, and to reduce the size and activities of the Federal Government (p. 6494).
14. **INTEREST RATES.** Sens. Humphrey, Morse, Maybank, Goldwater, and others, discussed recent increased interest rates, and Sen. Humphrey recommended a congressional investigation on the effects of this new policy on our economy (pp. 6511-31). During discussion of this matter Sen. Humphrey stated, "the new administration dealt a double-barreled blow at agriculture through its new high-interest rate policy" by a boost in interest rates on CCC supported loans and on foreign purchases of agricultural commodities by the Export-Import Bank (pp. 6525-26).

HOUSE

15. **FOREIGN AID.** Both Houses received the President's message recommending authorization for shipment of up to 1 million tons of surplus CCC wheat to Pakistan; to H. Agriculture and S. Agriculture and Forestry Committees (H. Doc. 171) (pp. 6540, 6563-4). The message states, "To make it available to Pakistan will create no additional Government expenditure at this time other than the cost of transportation. In order that the operations of the Commodity Credit Corporation will not be impaired, I am recommending that the legislation include authority for the Commodity Credit Corporation to recover its costs, including

reconstituted. It should be manned with economists of the greatest competence and objectivity, able to appraise the timeliness of shifts in fiscal policy and to keep them appropriately moderate. There should be a midyear economic report and hearings on it, before any further fiscal policy steps are taken.

In the absence of the council, and of investigations and hearings by the Joint Committee on the Economic Report which arise from the council reports, it seems to me urgent that the Congress itself initiate a study of fiscal policy.

There is pending a joint resolution by the Senator from Montana [Mr. MURRAY] and Representative PATMAN directing the Federal Reserve Bank to support Government securities which might be the basis for such study if a legislative basis is necessary.

The New York Journal of Commerce has warned:

If this policy of offering long-term issues at whatever rate is needed to attract buyers, without Reserve Bank aid, were to be pursued further, there can be no question that it would lift interest rates to a level where business conditions would be profoundly affected.

As I read the letter from the Deputy to the Secretary of the Treasury, who appears to be in charge of debt management, it is his position that, to meet the requirements of the times, we must adjust the terms of Government offerings to the requirements of the market, without Reserve Bank aid, as those requirements are reflected to the Treasury by the large investing institutions themselves.

Certainly in such a situation, Congress should proceed at once to advise itself very fully on the wisdom of the Treasury policy.

Even if the Council of Economic Advisors were reconstituted at once, it would lack time to make an adequate mid-year economic report covering this field. And joint committee hearings would normally come after such a report. I see no proper alternative but for Congress to start its own study without further delay.

Mr. President, I have discussed this subject with considerable vigor, and I hope with some enlightenment. The problem of fiscal policy is without a doubt the most critical and crucial problem facing our Government, because it runs through the entire fabric of our domestic economy, as well as the ability of our Nation to further its foreign policy and to undertake heavy commitments for defense and security.

I think any of us would do well to remember that there are many points of view on fiscal matters. My thought is not that the junior Senator from Minnesota is always right—either in this instance or any other—but that as a result of debate and the exchange of views we may have a reappraisal or at least an analysis and evaluation of policies which have been followed, or which may in the future be followed.

I realize that one treads upon rather hallowed ground, or at least upon ground which is not too well explored, when

he talks of taxation or when he talks of fiscal-policy matters. I submit that the Congress has a great responsibility in this area. It is not half so important that we, as individuals, are always right in our statements, as that we bring forth issues for discussion. I believe if the 96 Members of the Senate, with the 435 Members in the House, through their duly constituted committees would lend themselves to objective analyses of the very difficult problems of debt management, of the whole credit structure of the Nation, as it relates to civilian needs, to foreign needs, and to military needs—if they would dedicate their energies to that kind of study and analysis—in the long pull much would be accomplished in the direction of promoting the economic stability, the economic security, and progress of the Nation.

I believe that more than security is involved. I do not believe security is the only objective. I believe we must have the kind of economic policy which projects itself into the future with a view to bringing about greater development and greater production in our entire economy.

It is with that thought, despite some exchanges which have taken place today, that I have made these remarks. I wish to thank the Senators who have joined me in the discussion. I respect very much the Senator from Connecticut [Mr. BUSH] and his analysis. I surely respect every colleague who has joined in the discussion. I wish we could have more such discussions. Then at the right time perhaps we can talk to the Secretary of the Treasury and to those he has within his agency to see if we cannot come to a meeting of minds.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 3307) to provide for the treatment of users of narcotics in the District of Columbia.

The message also announced that the House had rejected the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 29) favoring the granting of the status of permanent residence to certain aliens.

The message further announced that the House had agreed to the amendments of the Senate to the concurrent resolution (H. Con. Res. 29) favoring the granting of the status of permanent residence to certain aliens.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 76) designating the week beginning June 14, 1953, as Theodore Roosevelt Week, and it was signed by the Acting President pro tempore.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, June 10, 1953, he presented to the President of the United States the enrolled joint resolution (S. J. Res. 76) designating the week beginning June 14, 1953, as Theodore Roosevelt Week.

TEMPORARY ECONOMIC CONTROLS

During the delivery of Mr. HUMPHREY's speech,

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, which was to strike out all after the enacting clause and insert:

- TITLE I

SECTION 1. This title may be cited as the "Defense Production Act Amendments of 1953."

SEC. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"DECLARATION OF POLICY

"SEC. 2. In view of the present international situation and in order to provide for the national defense and national security our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires expansion of productive facilities beyond the levels needed to meet the civilian demand."

SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship."

SEC. 4. Subsection (a) of section 301 of the Defense Production Act of 1950, as amended, is amended by striking out "or in connection with or in contemplation of the termination," and by inserting before the period at the end thereof a comma and the following: "or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in section 3 of the Small Business Act of 1953) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply."

Sec. 5. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is amended by striking out "1962" and inserting in lieu thereof "1963."

Sec. 6. Section 303 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof a new subsection as follows:

"(f) Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this act, shall be transferred to the national stockpile established pursuant to the act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.

"Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, minerals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this act, as amended, shall be reduced in an amount equal to the amount of any notes so canceled."

Sec. 7. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(c) Whenever the President invokes the powers given him in this act to allocate any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953: *Provided, however,* That the President shall from time to time give effect to the then current competitive position of established businesses as measured over a reasonable period of time, except as the same may result from Government controls under this or any other act: *Provided further,* That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: *Provided further,* That if the President continues or reimposes allocation controls after June 30, 1953, in the civilian market of any materials subject to such controls on July 1, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations."

Sec. 8. Section 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(d) The term 'national defense' means the operations and activities of the Armed Forces or the Atomic Energy Commission or operations and activities of any other Government department or agency which the Department of Defense certifies as directly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended."

Sec. 9. Subsection (e) of section 705 of the Defense Production Act of 1950, as amended,

is hereby amended by adding at the end thereof the following paragraph:

"All information obtained by the Office of Price Stabilization under this section 705, as amended, and not made public prior to April 30, 1953, shall be deemed confidential and shall not be published or disclosed, either to the public or to another Federal agency except the Department of Justice, unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than 1 year, or both."

Sec. 10. Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(a) Title I (except section 104), title III, and title VII (except section 714) of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1954. Section 104, title II, title VI, and section 714 of this act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953. Titles IV and V of this act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953."

Sec. 11. Subsection (c) of section 717 of the Defense Production Act of 1950, as amended, is amended by adding before the period at the end thereof a comma and the following: "or the taking of any action (including the making of new guaranties) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment, or settlement of any loans guaranteed under this act, including actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this act shall be applicable to actions taken pursuant to the authority contained in this subsection."

TITLE II

Sec. 201. This title may be cited as the "Small Business Act of 1953."

Sec. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Sec. 203. For purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees, and dollar volume of business.

Sec. 204. (a) In order to carry out this policy there is hereby created an agency under the name "Small Business Administration" (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency

or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$250 million outstanding at any one time. For this purpose appropriations not to exceed \$250 million are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 207 (a), (b), and (c). Not to exceed an aggregate of \$150 million shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$100 million shall be outstanding at any one time for the purposes enumerated in sections 207 (b) and (c).

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

(d) There is hereby created the Small Business Advisory Board of the Small Business Administration, which shall consist of the following members, all ex officio. The Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Small Business Advisory Board with respect to any matter or matters. The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authority conferred upon it by this title. Such general policies shall, among other things, provide the standards (1) for the granting and denial of financial assistance by the Administration, and (2) for exercise of the powers enumerated in sections 207 (b) and (c). It shall also be the duty of the Small Business Advisory Board to periodically review the operations of the Administration and coordinate its functions with other activities and policies of the Government.

Sec. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

(b) In the performance of, and with respect to, the functions, powers, and duties

vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans heretofore or hereafter granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments, and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 207 (a) of this title; and

(6) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans or advances made under the provisions of this title.

(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of 1 year) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appoint-

ment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

SEC. 206. All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit Insurance Corporation when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

SEC. 207. The Administration is empowered—

(a) to make loans or advances to enable small business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to ensure a well-balanced national economy; and such loans or advances may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:

(i) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

(ii) No loan or advance shall be granted under this title if the total amount outstanding and committed by participation to the borrower from the revolving fund established by this title would exceed \$100,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding 10 years; except that any loan made for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction;

(iii) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement.

(b) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(c) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(d) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on poli-

cies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 208. The Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by it after the date of enactment of this title to the Administration for its consideration and possible action.

SEC. 209. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 210. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

SEC. 211. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive fa-

cilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

SEC. 212. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

SEC. 213. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this title;

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

SEC. 214. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requir-

ing it to meet any other requirement with respect to capacity and credit.

SEC. 215. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the administration and the contracting procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

SEC. 216. The Administration shall make a report every 6 months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

SEC. 217. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

SEC. 218. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this title.

(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than 10 days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 219. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title. The Defense Production Act of 1950, as amended, is further amended by the repeal of section 714 of that act.

SEC. 220. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of 2 years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within 1 year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) shall furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 221. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

SEC. 222. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this title.

SEC. 223. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Mr. CAPEHART. Mr. President, I move that the Senate disagree to the amendment of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. CAPEHART, Mr. BRICKER, Mr. BENNETT, Mr. MAYBANK, Mr. FULBRIGHT, and Mr. ROBERTSON conferees on the part of the Senate.

Mr. HUMPHREY. Mr. President, I wish to say that the distinguished Senator from Indiana has done me a distinct service by asking me to yield at this time, because I understand that the bill to which he has reference, and on which the conferees who have been appointed will confer is the controls bill. I join with many of my colleagues in complimenting the Senator from Indiana upon his battle on the floor to get a reasonably effective control measure before the Senate. He made a courageous fight. But, Mr. President, some of those today who are so much in favor of the low-interest-rate policy are some of the very ones who voted to destroy certain

of the features in the control bill, which would have given the President of the United States the authority which he may need in order to effectively control inflation in the United States of America.

RED CHINA AND THE UNITED NATIONS

Mr. McCLELLAN. Mr. President, on June 3, when the Senate was considering the appropriation bill for the Department of State, an amendment was offered and adopted declaring it to be the sense of this body that the Government of Red China should not be admitted to membership in the United Nations.

In support of that amendment, which is identical with a resolution which I introduced and which this body adopted January 23, 1951, save and except for one word, I stated that if Red China should be admitted to the United Nations it would be an infamous day in the history of the world. I said that "if and when Red China walks into the United Nations, America should walk out."

I further stated, in support of the amendment, that it would have the effect of renewing the warning of the previous resolution which the Senate had adopted. Not only to our allies and our enemies, but to the leaders of our own Government that we would not tolerate that sort of appeasement.

I said in doing so we should "let not only our enemies but the entire world know that Congress and the American people do not intend to dignify and reward aggression, or to honor and exalt the aggressor."

Mr. President, I made further statements in that same vein of sentiment.

Today I was much pleased to observe in the Washington News an editorial entitled "An Infamous Proposal."

I shall not take the time to read all of the editorial, but I should like to read the first two paragraphs and the concluding paragraph of it. Then I shall ask that the entire editorial be printed in the RECORD at this point, as a part of my remarks. The first two paragraphs of the editorial read:

Sir Winston Churchill has succeeded in getting the other Prime Ministers of the British Commonwealth to endorse unanimously his idea that Red China eventually must be seated in the United Nations, according to reports from London.

This support is expected to strengthen Sir Winston's position when he meets President Eisenhower in Bermuda later this month.

After further comment, the concluding paragraph of the editorial states: Surely no government could do it—

That is, admit Red China—

without breaking faith with the honored dead buried on the bleak Korean peninsula. These men were fighting to "maintain international peace and security." To reward the aggressors whom they tried to expel would make the U. N. flag an emblem of infamy under which no American could serve.

Mr. President, this editorial emphasizes the views that I have heretofore expressed in this body, I think it is im-

portant that the American people be kept informed of the effort and pressure which are obviously now being applied in the course of the negotiations now underway, and which will be further exerted following the successful conclusion of a truce in Korea, to have us accept Red China as a member of the U. N.

I believe, as I stated, and as this editorial supports my position, that it would be an infamous day in the history of the world to admit Red China to the United Nations.

In other words, it would be equivalent to permitting an aggressor nation to shoot its way into membership in the United Nations, an international organization that was set up to prevent aggression. That would be a world calamity—a tragedy of great magnitude that we must strive to prevent. I commend the Washington News for this forthright editorial and I hope many of our citizens may read and ponder it.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AN INFORMAL PROPOSAL

Sir Winston Churchill has succeeded in getting the other prime ministers of the British Commonwealth to endorse unanimously his idea that Red China eventually must be seated in the United Nations, according to reports from London.

This support is expected to strengthen Sir Winston's position when he meets President Eisenhower in Bermuda later this month.

The venerable Prime Minister must attach great importance to this proposal, since he is pushing it so ardently. But has he considered what a mockery it would make of the U. N.'s organic law?

Article I, chapter I of the U. N. Charter states that it is the primary purpose of the organization "to maintain international peace and security and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace."

The U. N. forces were acting in accordance with this provision of the Charter when they were attacked by Red China.

Had the Peiping regime been a member of the U. N. at that time it would have been subject to suspension and eventual expulsion for that act under article IV of the same chapter.

Austria, Ceylon, Finland, Ireland, Italy, Korea, Portugal, and Nepal all have been unsuccessful applicants for UN membership. All have expressed a willingness to accept the obligations expressed in the chapter cited. Not one of them stands accused of any breach of world peace. But they have been barred from membership by the Soviet veto.

Britain isn't making a major issue of any of these deserving cases. Such special consideration has been reserved for an outlaw government guilty of an unprovoked attack on the UN.

Yet how could any self-respecting government vote, as the charter requires on membership applications, that in its judgment Communist China is able and willing to carry out its obligations under the charter?

Surely no government could do it without breaking faith with the honored dead buried on the bleak Korean Peninsula. These men were fighting to maintain international peace and security. To reward the aggressors whom they tried to expel would make the UN flag an emblem of infamy under which no American could serve.

CONTINUANCE OF CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

Mr. HENDRICKSON. Mr. President, I ask unanimous consent that the unfinished business which, I understand, is Senate bill 1946, be temporarily laid aside, and that the Senate proceed to the consideration of the joint resolution (S. J. Res. 6) to provide for a continuance of civil government for the Trust Territory of the Pacific Islands.

The PRESIDING OFFICER (Mr. PURTELL in the chair). Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (S. J. Res. 6) to provide for a continuance of civil government for the Trust Territory of the Pacific Islands.

Mr. HENDRICKSON subsequently said: Mr. President, a few moments ago the Senator from New Jersey asked unanimous consent to lay aside the unfinished business and to consider Senate Joint Resolution 6. At the time I made the request, the distinguished Senator from Texas [Mr. JOHNSON] was in the Senate Chamber, and I thought he heard my request. He tells me that he did not hear it, and that, had he heard it, he would have suggested the absence of a quorum. I now ask, therefore, that the order of the Senate be vacated.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSON of Texas. Reserving the right to object, if I was in the Chamber at the time the request was made, I did not hear it. I had no knowledge whatever of the fact that the acting majority leader intended to make the unanimous-consent request that he made. Personally, I have no objection to the bill he asked to have considered. During the afternoon, I conferred with those of my colleagues who are familiar with the proposed legislation, and I hope we may be able to assure the acting majority leader of our cooperation in securing action on the bill tomorrow.

Mr. HENDRICKSON. Mr. President, I should like to have the RECORD show that, had the distinguished minority leader not been in the Chamber at the time, the request would not have been made.

The PRESIDING OFFICER. Without objection, the previous order of the Senate is vacated.

THE SOUTH'S DYNAMIC AMERICANISM

Mr. MAYBANK. Mr. President, for a few minutes I should like to speak about economic developments which have been taking place in the southeastern region of the United States, particularly the phenomenal growth of industry in the New South.

It is appropriate that the South's rise to a position of leadership in the economic, spiritual, and industrial life of our great country be reviewed, not at all for reasons of sectional pride—great though our pride may be—but because this record of achievement in the face of great handicaps can well serve as an

example and inspiration to Americans everywhere.

Today my major emphasis will be on the growth and development of the textile industry. My purpose is to show this industry's influence in begetting new and diversified industrial growth in the South. In the near future I plan to address myself to the progress of other leading segments of our economic community.

At this moment many people seem to be wondering what is in store for the national economy if peace is restored and heavy Federal spending for military defense tapers off. There is no denying the fact that business and industry are apt to be very sensitive to extraordinary international events, such as would come with a peaceful settlement in Korea, for example. The reason for this is obvious: Much of America's present economy and industrial activity are related to programs of the military, and therefore rest on foundations which have been distorted by abnormal conditions of wars and emergencies.

To rebuild and buttress these foundations is the great challenge for our country. Only prophets of gloom believe the whole structure must topple before it can be restored on sound, solid foundations. It is only the thinking of defeatists that the United States cannot prosper without war, or cannot continue to grow and progress without the inflationary stimulus of huge Government spending for one domestic aid program after another.

Instead of viewing the prospect of eventual peace, or a balanced and more economical Federal budget, as a signal of economic danger, my opinion is that most red-blooded Americans would prefer to consider the future as a new era in which all the forces of a dynamic free business system can be brought into play for greater accomplishments—a still higher standard of living, more material goods and better things spiritual and cultural—in the years ahead.

The new South offers America a living example of the courage, the self-reliance, the dynamic driving force, fostered by independence and freedom, which for over a century and a half have stimulated our country's growth. Let us keep uppermost in mind the fact that America's progress has always been directly related to the continued expansion of her business and industry. From the day the Constitution of the United States came into being, this Nation has never stood still for long. America's basic economic power stems from its determination and its ability to grow, to expand from the base, to develop something new, to find better and more efficient ways of doing things, to provide more and better things for more people.

The South is undergoing an industrial revolution which is as momentous and significant for its people as was the original industrial revolution whereby mankind learned how to make machines do the work of human hands. This new industrial revolution in the South is a continuing force, an irresistible, dynamic upsurge of strength; it can never be static while there is demand for its

products; and it keeps rolling ahead because its leadership seems convinced that apparently there are no visible limits to the variety or volume of products for human consumption. The capacity of man to enjoy the fruits of his labor recognizes no boundaries.

New processes, new techniques, new designs for plants, the ingenious use of raw materials and supplies of power and water—these are the demands of modern industry; and these demands are being met promptly and adequately in the South. Hence, the region where King Cotton once held unbroken dominion is now dotted with new, multi-million-dollar plants, so modern they look like something out of an architect's sketchbook of tomorrow. Manufacturing plants which operate 80 percent of the total capacity of America's textile industry; vast operations of the synthetic-fiber industry; plants specially designed for the production of woolen and worsted fabrics, and for the manufacture of entirely new fabric materials which blend and combine many various fibers, natural and man-made; chemical plants; lumber, pulp, and woodworking plants; modern paper mills; new metalworking and machine-manufacturing establishments; tremendous power developments; a growing ceramics industry; a spreading network of pipelines; improved port facilities—the endless list is made up of evidences too numerous to mention of the economic and social revolution which makes the South the fastest growing part of the Nation.

Mr. EASTLAND. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from South Carolina yield to the Senator from Mississippi?

Mr. MAYBANK. I yield.

Mr. EASTLAND. The Senator from South Carolina is making a very able and very informative speech. What he says about the upsurge of industry in the South is quite true.

I should like to ask him if it is true that all southern industry asks for is "an even break," not preference.

Mr. MAYBANK. That is correct; southern industry asks only for "an even break." If the Government plans to purchase certain commodities, southern industry merely asks that its products be given "an even break" in that connection.

Mr. President, in the forefront of the South's expanding economy is the textile industry, which spearheaded the industrial revolution of the 18th century, and which also pioneered mass production in America as we know it. In a very real sense, the measure of the South's rapid industrial growth over recent years is the dramatic increase in the textile industry's far-flung operations.

We are, of course, familiar with the statistics of the productive capacity which tell of the expansion of southern textile spindles and the gradual concentration in the Southeastern States of the textile industry's productive capacity. But more meaningful are the figures which tell about jobs and opportunities

and earnings for thousands of men and women. Here is the picture of growth in the country's four largest textile States, on the basis of their cotton-system spindles: I refer to South Carolina, North Carolina, Georgia, and Alabama. In 1919, the earliest year for which Census Bureau totals are available, the textile industry in these four States operated 1,220 plants, provided 176,000 jobs, and paid out a total of \$136,447,000 in wages. During 1951, 32 years later, these 4 States had 1,756 textile plants—an increase of 500; their textile employment added up to 508,000 jobs—a fivefold increase, and the total wages and salaries paid out in that year came to \$1,308,000,000—10 times more than in 1919.

It almost defies comprehension to consider the effects of this sensational growth on individual buying power, the ability of the average worker to have more things for his home and family, the effects on the many service and supply businesses for which the textile mills, the textile workers, and the textile communities are primary customers; the effects in terms of Government revenues and new public facilities—schools, highways, hospitals, and all the rest.

Moreover, industry begets industry; there is nothing truer than that. For instance, the "Textile South" sees the giant and rapidly expanding synthetic or chemical-fiber plants being located in its midst. It is to their advantage to be situated near the mills which spin and weave these fibers, and also to be near the chemical industries of the Southeast. Textile progress is linked intimately with the progress of scores of other industries whose well-being is dependent in varying degrees on textiles. The textile industry has spurred the expansion of power-generating facilities and the piping of natural gas. Textiles have opened big markets for steel and iron, for machinery, and for the South's swift-growing container industry. These are but random examples of the manner in which the textile industry moves ahead in the forefront of the industrial expansion of the Southeast.

Mr. McCLELLAN. Mr. President, will the Senator from South Carolina yield to me for a question?

Mr. MAYBANK. I yield.

Mr. McCLELLAN. Is it not true that what the distinguished Senator from South Carolina is saying regarding the textile industry also applies in great measure to a great many other industries in the South?

Mr. MAYBANK. That is entirely correct.

Mr. McCLELLAN. I cannot see the justification for asking the Government to interfere in any way, by the use of its powers, with the freedom of industry to exercise its own choice in the location of its facilities.

Mr. MAYBANK. The Senator from Arkansas is entirely correct, and I appreciate his bringing that point to our attention, because I well know the marvelous industrial developments which have occurred in Arkansas, in connection with its paper and pulp mills, its various lumber product plants, and its various chemical plants.

83D CONGRESS
1ST SESSION

S. 1081

IN THE SENATE OF THE UNITED STATES

JUNE 11 (legislative day, JUNE 8), 1953

Ordered to be printed with the amendment of the House of Representatives

AN ACT

To provide authority for temporary economic controls, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Defense Production and
4 Temporary Controls Act of 1953".

5 SEC. 2. Section 2 of the Defense Production Act of
6 1950, as amended, is amended to read as follows:

7 "DECLARATION OF POLICY

8 "SEC. 2. It is the policy of the United States to oppose
9 acts of aggression and to promote peace by insuring respect
10 for world law and the peaceful settlement of differences

1 among nations. To that end this Government is pledged
2 to support collective action through the United Nations and
3 through regional arrangements for mutual defense in con-
4 formity with the Charter of the United Nations. The United
5 States is determined to develop and maintain whatever
6 military and economic strength is found to be necessary to
7 carry out this purpose.

8 “Defense production requires some diversion of certain
9 materials and facilities from civilian use to military and
10 related purposes. It requires expansion of productive facili-
11 ties beyond the levels needed to meet the civilian demand.

12 “Moreover, there is the ever-present threat of further
13 Communist aggression which may seriously jeopardize the
14 American economic system unless proper safeguards exist
15 for the imposition of certain economic controls in the event
16 of a grave national emergency. The necessity for such safe-
17 guards is emphasized by the speedily destructive force of
18 modern warfare which allows no delay in the taking of
19 Executive action to insure the preservation of the well-
20 being of the economy. This Act provides a basis for the
21 imposition of price, wage, and rent controls for a temporary
22 period in the event serious economic dislocations develop
23 which threaten the national security or welfare.

1 “It is the sense of the Congress that direct economic
2 controls are incompatible with the American free enterprise
3 system and should be invoked only if an emergency arises
4 serious enough to threaten the economic well-being or se-
5 curity of the United States. However, if such an emergency
6 should develop the President must have the power to employ
7 immediate economic controls for such reasonable period of
8 time as will give Congress an opportunity to act.”

9 SEC. 3. Section 101 of the Defense Production Act
10 of 1950, as amended, is amended to read as follows:

11 “SEC. 101. (a) The President is hereby authorized (1)
12 to require that performance under contracts or orders (other
13 than contracts of employment) which he deems necessary
14 or appropriate to promote the national defense shall take
15 priority over performance under any other contract or
16 order, and, for the purpose of assuring such priority, to
17 require acceptance and performance of such contracts or
18 orders in preference to other contracts or orders by any
19 person he finds to be capable of their performance, and (2)
20 to allocate materials and facilities in such manner, upon such
21 conditions, and to such extent as he shall deem necessary
22 or appropriate to promote the national defense.

23 “(b) The powers granted in this section shall not be

1 used to control the general distribution of any material in the
2 civilian market unless the President finds ~~(1)~~ that such
3 material is a scarce and critical material essential to the
4 national defense, and ~~(2)~~ that the requirements of the
5 national defense for such material cannot otherwise be met
6 without creating a significant dislocation of the normal dis-
7 tribution of such material in the civilian market to such a
8 degree as to create appreciable hardship.”

9 SEC. 4. Subsection ~~(a)~~ of section 301 of the Defense
10 Production Act of 1950, as amended, is amended by striking
11 out “, or in connection with or in contemplation of the
12 termination,” and by inserting before the period at the end
13 thereof a comma and the following: “or for the purpose of
14 financing any contractor, subcontractor, or other person in
15 connection with or in contemplation of the termination, in the
16 interest of the United States, of any contract made for the
17 national defense; but no small-business concern (as defined
18 in section 714 ~~(a)~~ ~~(1)~~ of this Act) shall be held ineligible
19 for the issuance of such a guaranty by reason of alternative
20 sources of supply”.

21 SEC. 5. Subsection ~~(b)~~ of section 303 of the Defense
22 Production Act of 1950, as amended, is amended by strik-
23 ing out “1962” and inserting in lieu thereof “1963”.

24 SEC. 6. Section 303 of the Defense Production Act of

1 1950, as amended, is amended by adding at the end thereof a
2 new subsection as follows:

3 “(f) Notwithstanding any other provision of law to the
4 contrary, metals, minerals, and materials acquired pursuant
5 to the provisions of this section which, in the judgment of the
6 President, are excess to the needs of programs under this Act,
7 shall be transferred to the national stockpile established pur-
8 suant to the Act of June 7, 1939, as amended (50 U. S. C.
9 98-98b), when the President deems such action to be in the
10 public interest.

11 “Transfers made pursuant to this subsection shall be made
12 without charge against or reimbursement from funds avail-
13 able under such Act of June 7, 1939, as amended, except
14 that costs incident to such transfer other than acquisition costs
15 shall be paid or reimbursed from such funds, and the acqui-
16 sition costs of such metals, minerals, and materials transferred
17 shall be deemed to be net losses incurred by the transferring
18 agency and the notes payable issued to the Secretary of the
19 Treasury representing the amounts thereof shall be canceled.
20 Upon the cancellation of any such notes the aggregate
21 amount of borrowing which may be outstanding at any one
22 time under section 304 (b) of this Act, as amended, shall
23 be reduced in an amount equal to the amount of any notes
24 so cancelled.”

1 SEC. 7. Title VI of the Defense Production Act of
2 1950, as amended, is amended to read as follows:

3 “TITLE VI—CONTROL OF CONSUMER AND
4 REAL ESTATE CREDIT

5 “THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER
6 CREDIT AND REAL ESTATE CONSTRUCTION CREDIT
7 ONLY

8 “SEC. 601. To assist in carrying out the objectives of
9 this Act, the Board of Governors of the Federal Reserve
10 System is authorized, notwithstanding the provisions of
11 Public Law 386, Eightieth Congress (61 Stat. 921), to
12 exercise consumer credit controls in accordance with and
13 to carry out the provisions of Executive Order Numbered
14 8843 (August 9, 1941).

15 “SEC. 602. (a) To assist in carrying out the purposes
16 of this Act, the President is authorized from time to time to
17 prescribe regulations with respect to such kind or kinds of
18 real estate construction credit which thereafter may be ex-
19 tended as, in his judgment, it is necessary to regulate in
20 order to prevent or reduce excessive or untimely use of or
21 fluctuations in such credit. Such regulations may, among
22 other things, prescribe maximum loan or credit values, mini-
23 mum down payments in cash or property, trade-in or ex-
24 change values, maximum maturities, maximum amounts of
25 credit, rules regarding the amount, form, and time of various

1 payments, rules against any credit in specified circumstances,
2 rules regarding consolidations, renewals, revisions, transfers,
3 or assignments of credit, and rules regarding other similar or
4 related matters. Such regulations may classify persons and
5 transactions and may apply different requirements thereto,
6 and may include such administrative provisions as in the
7 judgment of the President are reasonably necessary in order
8 to effectuate the purposes of this section or to prevent evasions
9 thereof.

10 "In prescribing and suspending such regulations, includ-
11 ing changes from time to time to take account of changing
12 conditions, the President shall consider, among other factors,
13 ~~(1)~~ the level and trend of real estate construction credit and
14 the various kinds thereof, ~~(2)~~ the effect of the use of such
15 credit upon ~~(i)~~ purchasing power and ~~(ii)~~ demand for real
16 property and improvements thereon and for other goods and
17 services, ~~(3)~~ the need in the national economy for the main-
18 tenance of sound credit conditions, and ~~(4)~~ the needs for
19 increased defense production.

20 ~~(b)~~ No person shall extend or maintain any real
21 estate construction credit, or renew, revise, consolidate, re-
22 finance, purchase, sell, discount, or lend or borrow on, any
23 obligation arising out of any such credit, or arrange for any
24 of the foregoing, in contravention of any regulation prescribed
25 by the President pursuant to this section. Any person who

1 extends or maintains any such credit, or renews, revises, con-
2 solidates, refinances, purchases, sells, discounts, or lends or
3 borrows on, any obligation arising out of any such credit,
4 or arranges for any of the foregoing, shall make, keep, and
5 preserve for such periods, such accounts, correspondence,
6 memoranda, papers, books, and other records, and make such
7 reports, under oath or otherwise, as the President may by
8 regulation require as necessary or appropriate in order to
9 effectuate the purposes of this section; and such accounts,
10 correspondence, memoranda, papers, books, and other records
11 shall be subject at any time to such reasonable periodic,
12 special, or other examinations by examiners or other repre-
13 sentatives of the President as the President may deem neces-
14 sary or appropriate. The requirements of this section apply
15 whether a person is acting as principal, agent, broker, vendor,
16 or otherwise.

17 “(c) To assist in carrying out the purposes of this sec-
18 tion, the President by regulation may require transactions
19 or persons or classes thereof subject to this section to be
20 registered; and, after notice and opportunity for hearing, the
21 President by order may suspend any such registration for
22 violation of this section or any regulation prescribed by the
23 President pursuant to this section. The provisions of section
24 25 of the Securities Exchange Act of 1934, as amended,
25 shall apply in the case of any such order of the President in

1 the same manner that such provisions apply in the case of
2 orders of the Securities and Exchange Commission under
3 that Act. In carrying out this section, the President may
4 act through and may utilize the services of the Board of
5 Governors of the Federal Reserve System, the Federal Re-
6 serve banks, and any other agencies, Federal or State, which
7 are available and appropriate.

8 “(d) For the purposes of this section, unless the context
9 otherwise requires, the following terms shall have the follow-
10 ing meanings, but the President may in his regulations fur-
11 ther define such terms and, in addition, may define tech-
12 nical, trade, accounting, and other terms insofar as any such
13 definitions are not inconsistent with the provisions of this
14 section:

15 “(1) ‘Real estate construction credit’ means any credit
16 which (i) is wholly or partly secured by; (ii) is for the
17 purpose of purchasing or carrying; (iii) is for the purpose
18 of financing; or (iv) involves a right to acquire or use, new
19 construction on real property or real property on which there
20 is new construction. As used in this paragraph the term
21 ‘new construction’ means any structure, or any major addi-
22 tion or major improvement to a structure, which has not been
23 begun before the effective date of any regulation issued under
24 subsection (a) of this section after the date of enactment of

1 the Defense Production and Temporary Controls Act of
2 1953. As used in this paragraph the term 'real property'
3 includes leasehold and other interests therein. Notwith-
4 standing the foregoing provisions of this paragraph, the term
5 'real estate construction credit' shall not include any loan or
6 loans made, insured, or guaranteed by any department, in-
7 dependent establishment, or agency in the executive branch
8 of the United States Government, or by any wholly owned
9 Government corporation, or by any mixed ownership Gov-
10 ernment corporation as defined in the Government Cor-
11 poration Control Act, as amended.

12 ~~“(2)~~ 'Credit' means any loan, mortgage, deed of trust,
13 advance, or discount; any conditional sale contract; any con-
-14 tract to sell, or sale or contract of sale of, property or services,
15 either for present or future delivery, under which part or all
16 of the price is payable subsequent to the making of such sale
17 or contract; any rental-purchase contract, or any contract for
18 the bailment, leasing, or other use of property under which
19 the bailee, lessee or user has the option of becoming the owner
20 thereof, obligates himself to pay as compensation a sum sub-
21 stantially equivalent to or in excess of the value thereof, or has
22 the right to have all or part of the payments required by such
23 contract applied to the purchase price of such property or
24 similar property; any option, demand, lien, pledge, or similar
25 claim against, or for the delivery of property or money; any

1 purchase, discount, or other acquisition of, or any credit un-
2 der the security of, any obligation or claim arising out of
3 any of the foregoing; and any transaction or series of trans-
4 actions having a similar purpose or effect.

5 "SEC. 603. Any person who willfully violates any pro-
6 vision of section 601, 602, or 605, or any regulation or or-
7 der issued thereunder, upon conviction thereof, shall be fined
8 not more than \$5,000 or imprisoned not more than one year,
9 or both.

10 "SEC. 604. All the present provisions of sections 24 and
11 27 of the Securities Exchange Act of 1934, as amended
12 (relating to investigations, injunctions, jurisdictions, and
13 other matters), shall be as fully applicable with respect to the
14 exercise by the Board of Governors of the Federal Reserve
15 System of credit controls under section 601 as they are now
16 applicable with respect to the exercise by the Securities and
17 Exchange Commission of its functions under that Act, and
18 the Board shall have the same powers in the exercise of such
19 credit controls as the Commission now has under the said
20 sections 24 and 27.

21 "SEC. 605. To assist in carrying out the objectives of
22 this Act the President may at any time or times, notwith-
23 standing any other provision of law, reduce, for such period
24 as he shall specify, the maximum authorized principal
25 amounts, ratios of loan to value or cost, or maximum ma-

1 curities of any type or types of loans on real estate which
2 thereafter may be made, insured, or guaranteed by any de-
3 partment, independent establishment, or agency in the exec-
4 utive branch of the United States Government, or by any
5 wholly owned Government corporation or by any mixed-
6 ownership Government corporation as defined in the Gov-
7 ernment Corporation Control Act, as amended or reduce or
8 suspend any such authorized loan program, upon a determi-
9 nation, after taking into consideration the effect thereof upon
10 conditions in the building industry and upon the national
11 economy and the needs for increased defense production, that
12 such action is necessary in the public interest: *Provided,*
13 That in the exercise of these powers, the President shall pre-
14 serve the relative credit preferences accorded to veterans
15 under existing law. Subject to the provision of this section
16 with respect to preserving the relative credit preferences
17 accorded to veterans under existing law, the President may
18 require lenders or borrowers and their successors and as-
19 signs to comply with reasonable conditions and requirements,
20 in addition to those provided by other law, in connection
21 with any loan of a type which has been the subject of action
22 by the President under this section. Such conditions and
23 requirements may vary for classifications of persons or
24 transactions as the President may prescribe, and failure to
25 comply therewith shall constitute a violation of this section.

1 “SEC. 606. No authority under this title shall be initially
2 invoked with respect to either consumer credit controls or
3 real estate construction credit controls unless and until the
4 President has established ceilings on prices, wages, and rents
5 pursuant to the authority contained in section 801 of this
6 Act; and all authority under this title shall cease to be in
7 effect upon the termination of such ceilings.”

8 SEC. 8. Subsection (c) of section 701 of the Defense
9 Production Act of 1950, as amended, is amended to read as
10 follows:

11 “(c) Whenever the President invokes the powers given
12 him in this Act to allocate any material in the civilian
13 market, he shall do so in such a manner as to make available,
14 so far as practicable, for business and various segments
15 thereof in the normal channel of distribution of such mate-
16 rial, a fair share of the available civilian supply based, so
17 far as practicable, on the share received by such business
18 under normal conditions during a representative period fol-
19 lowing June 30, 1953, and having due regard to periodic
20 changes in the current competitive position of established
21 business: *Provided*, That the limitations and restrictions im-
22 posed on the production of specific items shall not exclude
23 new concerns and newly acquired operations from a fair and
24 reasonable share of total authorized production, and shall
25 give due consideration to the needs of new concerns and

1 newly acquired operations: *Provided further*, That if the
2 President continues or reimposes allocation controls after
3 June 30, 1953, in the civilian market of any materials
4 subject to such controls on July 1, 1953, he shall do so in
5 the manner above provided but on the basis of the share
6 received by such business during a representative period
7 preceding June 24, 1950, adjusted to reflect, since such date,
8 attained competitive position, the requirements of new con-
9 cerns and newly acquired operations."

10 SEC. 9. Section 702 (d) of the Defense Production
11 Act of 1950, as amended, is amended to read as follows:

12 "(d) The term 'national defense' means programs for
13 military and atomic energy production or construction, mili-
14 tary assistance to any foreign nation and stockpiling and
15 directly related activity."

16 SEC. 10. (a) The fourth sentence of paragraph (1)
17 of subsection (a) of section 714 of the Defense Production
18 Act of 1950, as amended, is amended to read as follows:

19 "For the purposes of this section, a small-business concern
20 shall be deemed to be one which is independently owned and
21 operated and which is not dominant in its field of operation,
22 including producers of strategic and critical minerals and
23 metals."

24 (b) Paragraph (4) of subsection (a) of section 714
25 of the Defense Production Act of 1950, as amended, is

1 amended by striking out "June 30, 1953" and inserting in
2 lieu thereof "June 30, 1955".

3 SEC. 11. Paragraph (3) of subsection (f) of section
4 714 of the Defense Production Act of 1950, as amended, is
5 amended by inserting after the word "allocated" the first time
6 it appears therein the words "in the civilian market".

7 SEC. 12. Paragraph (4) of subsection (f) of section
8 714 of the Defense Production Act of 1950, as amended,
9 is repealed.

10 SEC. 13. Subsection (a) of section 717 of the Defense
11 Production Act of 1950, as amended, is amended to read
12 as follows:

13 "(a) (1) Title I (except section 104), and titles III,
14 VI, VII, and VIII of this Act, and all authority conferred
15 thereunder, shall terminate at the close of June 30, 1955,
16 or at the expiration of ninety days after the issuance on or
17 before that date of an Executive order establishing ceilings
18 under the provisions of section 801 (a) of this Act, which-
19 ever is later.

20 "(2) Section 104 of title I and title II of this Act, and
21 all authority conferred thereunder, shall terminate at the
22 close of June 30, 1953; and titles IV and V of this Act, and
23 all authority conferred thereunder, shall terminate at the close
24 of April 30, 1953."

25 SEC. 14. Subsection (e) of section 717 of the Defense

1 Production Act of 1950, as amended, is amended by adding
 2 before the period at the end thereof a comma and the follow-
 3 ing: "or the taking of any action (including the making of
 4 new guarantees) deemed by a guaranteeing agency to be
 5 necessary to accomplish the orderly liquidation, adjustment
 6 or settlement of any loans guaranteed under this Act, in-
 7 cluding actions deemed necessary to avoid undue hardship
 8 to borrowers in reconverting to normal civilian production;
 9 and all of the authority granted to the President, guarantee-
 10 ing agencies, and fiscal agents, under section 301 of this
 11 Act shall be applicable to actions taken pursuant to the
 12 authority contained in this subsection".

13 SEC. 16. The Defense Production Act of 1950, as
 14 amended, is amended by adding at the end thereof the fol-
 15 lowing new title:

16 ~~"TITLE VIII—TEMPORARY EMERGENCY PRICE,~~
 17 ~~WAGE, AND RENT CEILINGS~~

18 "SEC. 801. (a) The President is authorized and di-
 19 rected, whenever the United States has declared war against
 20 a foreign nation, or whenever the Congress, by concurrent
 21 resolution, shall find and declare that a grave national emer-
 22 gency exists and that the exercise of such authority is neces-
 23 sary in the interest of national security and economic sta-
 24 bility, to establish simultaneously by Executive order ceil-
 25 ings on (1) the price, rental, commission, margin, rate, fee,

1 charge, or allowance paid or received on the sale or delivery,
2 or the purchase or receipt, by or to any person, of materials
3 and services, ~~(2)~~ wages, salaries, and other compensation
4 paid or received with respect to employment, and ~~(3)~~ rents
5 paid or received for the use or occupancy of housing accom-
6 modations, at those prevailing as of the close of business
7 on the business day next preceding the day on which
8 the action is taken, or those prevailing on the nearest date
9 during the preceding thirty days on which, in the judgment
10 of the President, they are generally representative, or if none
11 prevailed during such thirty-day period, then those prevail-
12 ing on the nearest date on which, in the judgment of the
13 President, they are generally representative. Notwithstand-
14 ing the foregoing, ~~(A)~~ the ceiling level for any agricultural
15 commodity shall be the higher of ~~(i)~~ the level specified
16 in the foregoing provision, or ~~(ii)~~ the parity price for
17 the commodity determined and adjusted for grade, location,
18 and seasonal differentials by the Secretary of Agriculture,
19 and ~~(B)~~ the ceiling level for any commodity processed or
20 manufactured in whole or substantial part from any agri-
21 cultural commodity shall be the higher of ~~(i)~~ the level
22 specified in the foregoing provision, or ~~(ii)~~ such level as
23 will reflect to producers of such agricultural commodity a
24 price for such agricultural commodity equal to the ceiling

1 level specified therefor in this sentence. All ceilings estab-
2 lished under this title shall terminate ninety days after the
3 issuance of such order, or at such earlier time as Congress
4 may by law or concurrent resolution provide, and the au-
5 thority conferred by this title to establish ceilings shall not
6 thereafter be exercised.

7 “(b) The authority conferred by this title shall not be
8 exercised with respect to the following: prices, or rentals
9 for materials furnished for publication by any press associa-
10 tion or feature service, or books, magazines, motion pictures,
11 periodicals or newspapers, other than as waste or scrap; or
12 rates charged by any person in the business of operating or
13 publishing a newspaper, periodical or magazine, or operating
14 a radio-broadcasting or television station, a motion picture or
15 other theater enterprise, or outdoor advertising facilities.

16 “SEC. 802. The President may make such rules, regu-
17 lations, and orders as he deems necessary and appropriate
18 to carry out the provisions of this title. Whenever in the
19 judgment of the President such action is necessary or proper
20 in order to effectuate the purposes of this title, he may, by
21 regulation or order, regulate or prohibit speculative or
22 manipulative practices or renting or leasing practices (in-
23 cluding practices relating to the recovery of possession) in
24 connection with any housing accommodations, which in his

1 judgment are equivalent to or are likely to result in rent
2 increases inconsistent with the purposes of this title.

3 “SEC. 803. (a) Regardless of any obligation heretofore
4 or hereafter entered into, it shall be unlawful—

5 “(1) for any person to sell or deliver, or in the
6 regular course of business or trade to buy or receive,
7 any material or service, or to demand, accept, receive,
8 or retain any rent for the use or occupancy of any
9 housing accommodations, or otherwise to do or omit
10 to do any act, in violation of this title or any regulation,
11 order, or requirement issued thereunder, or to offer,
12 solicit, attempt, or agree to do any of the foregoing; or

13 “(2) for any employer to pay, or any employee
14 to receive, any wage, salary, or other compensation in
15 contravention of any regulation or order promulgated
16 by the President under this title.

17 The President shall prescribe the extent to which any pay-
18 ment (including any wage, salary, or compensation pay-
19 ment), either in money or property, made in contravention
20 of any such regulation, order, or requirement shall be disre-
21 garded by the executive departments and other governmental
22 agencies in determining the costs or expenses of any person
23 for the purposes of any other law or regulation, including
24 bases in determining gain for tax purposes.

1 “(b) Any person who willfully violates any provision
2 of this section shall, upon conviction thereof, be subject to a
3 fine of not more than \$10,000 or to imprisonment for not
4 more than one year, or both.

5 “SEC. 804. Nothing in this title shall be construed to
6 require any person to sell any material or service, or to
7 offer any housing accommodations for rent, or to perform
8 personal services.

9 “SEC. 805. As used in this title—

10 “(a) The term ‘rent’ means the consideration, includ-
11 ing any bonus, benefit, or gratuity, demanded or received
12 for or in connection with the use or occupancy of housing
13 accommodations, or the transfer of a lease of housing accom-
14 modations.

15 “(b) The term ‘housing accommodations’ means any
16 building, structure or part thereof, or land appurtenant
17 thereto, or any other real or personal property rented or
18 offered for rent for living or dwelling purposes (including
19 houses, apartments, rooming or boarding house accommoda-
20 tions, and other properties used for living or dwelling pur-
21 poses) together with all privileges, services, furnishings,
22 furniture, and facilities connected with the use or occupancy
23 of such property.

24 “SEC. 806. This title shall become effective on May 1,
25 1953.”

TITLE I

SEC. 1. This title may be cited as the "Defense Production Act Amendments of 1953".

SEC. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"DECLARATION OF POLICY

"SEC. 2. In view of the present international situation and in order to provide for the national defense and national security our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires expansion of productive facilities beyond the levels needed to meet the civilian demand."

SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such

1 conditions, and to such extent as he shall deem necessary
2 or appropriate to promote the national defense.

3 “(b) The powers granted in this section shall not be
4 used to control the general distribution of any material in the
5 civilian market unless the President finds (1) that such
6 material is a scarce and critical material essential to the na-
7 tional defense, and (2) that the requirements of the national
8 defense for such material cannot otherwise be met without
9 creating a significant dislocation of the normal distribution
10 of such material in the civilian market to such a degree as
11 to create appreciable hardship.”

12 SEC. 4. Subsection (a) of section 301 of the Defense
13 Production Act of 1950, as amended, is amended by striking
14 out “, or in connection with or in contemplation of the
15 termination,” and by inserting before the period at the end
16 thereof a comma and the following: “or for the purpose of
17 financing any contractor, subcontractor, or other person in
18 connection with or in contemplation of the termination, in the
19 interest of the United States, of any contract made for the
20 national defense; but no small-business concern (as defined
21 in section 3 of the Small Business Act of 1953) shall be held
22 ineligible for the issuance of such a guaranty by reason of
23 alternative sources of supply”.

24 SEC. 5. Subsection (b) of section 303 of the Defense

1 *Production Act of 1950, as amended, is amended by strik-*
2 *ing out "1962" and inserting in lieu thereof "1963".*

3 *SEC. 6. Section 303 of the Defense Production Act of*
4 *1950, as amended, is amended by adding at the end thereof a*
5 *new subsection as follows:*

6 *"(f) Notwithstanding any other provision of law to the*
7 *contrary, metals, minerals, and materials acquired pursuant*
8 *to the provisions of this section which, in the judgment of the*
9 *President, are excess to the needs of programs under this Act,*
10 *shall be transferred to the national stockpile established pur-*
11 *suant to the Act of June 7, 1939, as amended (50 U. S. C.*
12 *98-98h), when the President deems such action to be in the*
13 *public interest.*

14 *"Transfers made pursuant to this subsection shall be made*
15 *without charge against or reimbursement from funds avail-*
16 *able under such Act of June 7, 1939, as amended, except*
17 *that costs incident to such transfer other than acquisition costs*
18 *shall be paid or reimbursed from such funds, and the acquisi-*
19 *tion costs of such metals, minerals, and materials transferred*
20 *shall be deemed to be net losses incurred by the transferring*
21 *agency and the notes payable issued to the Secretary of the*
22 *Treasury representing the amounts thereof shall be canceled.*
23 *Upon the cancellation of any such notes the aggregate*
24 *amount of borrowing which may be outstanding at any one*

1 time under section 304 (b) of this Act, as amended, shall
2 be reduced in an amount equal to the amount of any notes
3 so cancelled.”

4 SEC. 7. Subsection (c) of section 701 of the Defense
5 Production Act of 1950, as amended, is amended to read as
6 follows:

7 “(c) Whenever the President invokes the powers given
8 him in this Act to allocate any material in the civilian mar-
9 ket, he shall do so in such a manner as to make available,
10 so far as practicable, for business and various segments
11 thereof in the normal channel of distribution of such mate-
12 rial, a fair share of the available civilian supply based, so
13 far as practicable, on the share received by such business
14 under normal conditions during a representative period fol-
15 lowing June 30, 1953: Provided, however, That the Presi-
16 dent shall from time to time give effect to the then current
17 competitive position of established businesses as measured over
18 a reasonable period of time, except as the same may result
19 from Government controls under this or any other Act:
20 Provided further, That the limitations and restrictions im-
21 posed on the production of specific items shall not exclude
22 new concerns and newly acquired operations from a fair and
23 reasonable share of total authorized production, and shall
24 give due consideration to the needs of new concerns and
25 newly acquired operations: Provided further, That if the

1 President continues or reimposes allocation controls after
2 June 30, 1953, in the civilian market of any materials
3 subject to such controls on July 1, 1953, he shall do so in
4 the manner above provided but on the basis of the share
5 received by such business during a representative period
6 preceding June 24, 1950, adjusted to reflect, since such date,
7 attained competitive position, the requirements of new con-
8 cerns and newly acquired operations."

9 SEC. 8. Section 702 (d) of the Defense Production Act
10 of 1950, as amended, is amended to read as follows:

11 "(d) The term 'national defense' means the operations
12 and activities of the Armed Forces or the Atomic Energy
13 Commission or operations and activities of any other Gov-
14 ernment department or agency which the Department of De-
15 fense certifies as directly and substantially concerned with the
16 national defense, or operations or activities in connection with
17 the Mutual Defense Assistance Act of 1949, as amended."

18 SEC. 9. Subsection (e) of section 705 of the Defense
19 Production Act of 1950, as amended, is hereby amended by
20 adding at the end thereof the following paragraph:

21 "All information obtained by the Office of Price Stabiliza-
22 tion under this section 705, as amended, and not made public
23 prior to April 30, 1953, shall be deemed confidential and shall
24 not be published or disclosed, either to the public or to another

1 *Federal agency except the Department of Justice, unless the*
2 *President determines that the withholding thereof is contrary*
3 *to the interest of the national defense, and any person willfully*
4 *violating this provision shall, upon conviction, be fined not*
5 *more than \$10,000 or imprisoned for not more than one*
6 *year, or both.”*

7 *SEC. 10. Subsection (a) of section 717 of the Defense*
8 *Production Act of 1950, as amended, is amended to read*
9 *as follows:*

10 *“(a) Title I (except section 104), title III, and title*
11 *VII (except section 714) of this Act, and all authority con-*
12 *ferred thereunder, shall terminate at the close of June 30,*
13 *1954. Section 104, title II, title VI, and section 714 of this*
14 *Act, and all authority conferred thereunder, shall terminate*
15 *at the close of June 30, 1953. Titles IV and V of this Act,*
16 *and all authority conferred thereunder, shall terminate at the*
17 *close of April 30, 1953.”*

18 *SEC. 11. Subsection (c) of section 717 of the Defense*
19 *Production Act of 1950, as amended, is amended by adding*
20 *before the period at the end thereof a comma and the follow-*
21 *ing: “or the taking of any action (including the making of*
22 *new guarantees) deemed by a guaranteeing agency to be*
23 *necessary to accomplish the orderly liquidation, adjustment*
24 *or settlement of any loans guaranteed under this Act, in-*
25 *cluding actions deemed necessary to avoid undue hardship*

1 to borrowers in reconverting to normal civilian production;
2 and all of the authority granted to the President, guarantee-
3 ing agencies, and fiscal agents, under section 301 of this
4 Act shall be applicable to actions taken pursuant to the
5 authority contained in this subsection”.

6 TITLE II

7 SEC. 201. This title may be cited as the “Small Business
8 Act of 1953”.

9 SEC. 202. The essence of the American economic sys-
10 tem of private enterprise is free competition. Only through
11 full and free competition can free markets, free entry into
12 business, and opportunities for the expression and growth of
13 personal initiative and individual judgment be assured. The
14 preservation and expansion of such competition is basic not
15 only to the economic well-being but to the security of this
16 Nation. Such security and well-being cannot be realized
17 unless the actual and potential of small business is en-
18 couraged and developed. It is the declared policy of the
19 Congress that the Government should aid, counsel, assist,
20 and protect insofar as is possible the interests of small-
21 business concerns in order to preserve free competitive en-
22 terprise, to ensure that a fair proportion of the total pur-
23 chases and contracts for supplies and services for the Gov-
24 ernment be placed with small-business enterprises, and to
25 maintain and strengthen the overall economy of the Nation.

1 *SEC. 203. For purposes of this title, a small-business con-*
2 *cern shall be deemed to be one which is independently owned*
3 *and operated and which is not dominant in its field of*
4 *operation. In addition to the foregoing criteria the Admin-*
5 *istration, in making a detailed definition, may use these*
6 *criteria, among others: Number of employees, and dollar*
7 *volume of business.*

8 *SEC. 204. (a) In order to carry out this policy there is*
9 *hereby created an agency under the name "Small Business*
10 *Administration" (hereinafter referred to as the Administra-*
11 *tion), which Administration shall be under the general direc-*
12 *tion and supervision of the President and shall not be*
13 *affiliated with or be within any other agency or department*
14 *of the Federal Government. The principal office of the*
15 *Administration shall be located in the District of Columbia,*
16 *but the Administration may establish such branch offices in*
17 *other places in the United States as may be determined by*
18 *the Administrator of the Administration.*

19 *(b) The Administration is authorized to obtain money*
20 *from the Treasury of the United States for use in the per-*
21 *formance of the powers and duties granted to or imposed*
22 *upon it by law, not to exceed a total of \$250,000,000 out-*
23 *standing at any one time. For this purpose appropriations*
24 *not to exceed \$250,000,000 are hereby authorized to be made*
25 *to a revolving fund in the Treasury. Advances shall be made*

1 to the Administration from the revolving fund when re-
2 quested by the Administration. This revolving fund shall be
3 used for the purposes enumerated subsequently in sections 207
4 (a), (b) and (c). Not to exceed an aggregate of
5 \$150,000,000 shall be outstanding at any one time for the
6 purposes enumerated in section 207 (a). Not to exceed an
7 aggregate of \$100,000,000 shall be outstanding at any one
8 time for the purposes enumerated in sections 207 (b) and (c).

9 (c) The management of the Administration shall be
10 vested in an Administrator who shall be appointed from
11 civilian life by the President, by and with the consent of the
12 Senate, and who shall be a person of outstanding qualifica-
13 tions known to be familiar and sympathetic with small-busi-
14 ness needs and problems. The Administrator shall receive
15 compensation at the rate of \$17,500 per annum. The
16 Administrator shall not engage in any other business, voca-
17 tion, or employment than that of serving as Administrator.
18 The Administrator is authorized to appoint three deputy
19 administrators to assist in the execution of the functions
20 vested in the Administration. Deputy administrators shall
21 be paid at the rate of \$15,000 per annum.

22 (d) There is hereby created the Small Business Ad-
23 visory Board of the Small Business Administration, which
24 shall consist of the following members, all ex officio. The
25 Secretary of the Treasury, as Chairman, the Secretary of

1 *Commerce, and the Administrator. Either of the said Secre-*
2 *taries may designate an officer of his Department, who has*
3 *been appointed by the President by and with the advice*
4 *and consent of the Senate, to act in his stead as a member*
5 *of the Small Business Advisory Board with respect to any*
6 *matter or matters. The Small Business Advisory Board*
7 *shall establish general policies which shall govern the*
8 *Administration in carrying out the powers, duties, and*
9 *authority conferred upon it by this title. Such general*
10 *policies shall, among other things, provide the standards*
11 *(1) for the granting and denial of financial assistance by*
12 *the Administration, and (2) for exercise of the powers*
13 *enumerated in sections 207 (b) and (c). It shall also be*
14 *the duty of the Small Business Advisory Board to periodi-*
15 *cally review the operations of the Administration and coor-*
16 *dinate its functions with other activities and policies of the*
17 *Government.*

18 *SEC. 205. (a) The Administration shall have power to*
19 *adopt, alter, and use a seal, which shall be judicially noticed.*
20 *The Administrator is authorized, subject to the civil service*
21 *and classification laws, to select, employ, appoint, and fix*
22 *the compensation of such officers, employees, attorneys, and*
23 *agents as shall be necessary to carry out the provisions of*
24 *this title; to define their authority and duties, require bonds*
25 *of them, and fix the penalties thereof. The Administration,*

1 *with the consent of any board, commission, independent*
2 *establishment, or executive department of the Government,*
3 *may avail itself of the use of information, services, facilities,*
4 *including any field service thereof, officers, and employees*
5 *thereof, in carrying out the provisions of this title.*

6 *(b) In the performance of, and with respect to, the*
7 *functions, powers, and duties vested in him by this title,*
8 *the Administrator, notwithstanding the provisions of any*
9 *other law, may—*

10 *(1) sue and be sued in any court of record of a*
11 *State having general jurisdiction, or in any United*
12 *States district court, and jurisdiction is conferred upon*
13 *such district court to determine such controversies with-*
14 *out regard to the amount in controversy: Provided,*
15 *That no attachment, injunction, garnishment, or other*
16 *similar process, mesne or final, shall be issued against*
17 *the Administrator or his property;*

18 *(2) under regulations prescribed by him, assign or*
19 *sell at public or private sale, or otherwise dispose of*
20 *for cash or credit, in his discretion and upon such terms*
21 *and conditions and for such consideration as the Admin-*
22 *istrator shall determine to be reasonable, any evidence*
23 *of debt, contract, claim, personal property, or security*
24 *assigned to or held by him in connection with the pay-*
25 *ment of loans heretofore or hereafter granted under this*

1 title, and to collect or compromise all obligations assigned
2 to or held by him and all legal or equitable rights
3 accruing to him in connection with the payment of such
4 loans until such time as such obligation may be referred
5 to the Attorney General for suit or collection;

6 (3) deal with, complete, renovate, improve, modern-
7 ize, insure, or rent, or sell for cash or credit upon such
8 terms and conditions and for such consideration as the
9 Administrator shall determine to be reasonable, any real
10 property conveyed to or otherwise acquired by him in
11 connection with the payment of loans granted under this
12 title;

13 (4) pursue to final collection, by way of compromise
14 or otherwise, all claims against third parties assigned
15 to the Administrator in connection with loans made
16 by him. This shall include authority to obtain de-
17 ficiency judgments or otherwise in the case of mort-
18 gages assigned to the Administrator. Section 3709 of
19 the Revised Statutes, as amended (41 U. S. C. 5), shall
20 not be construed to apply to any contract of hazard
21 insurance or to any purchase or contract for services or
22 supplies on account of property obtained by the Admin-
23 istrator as a result of loans made under this title if the
24 premium therefor or the amount thereof does not exceed
25 \$1,000. The power to convey and to execute in the

1 *name of the Administrator deeds of conveyance, deeds*
2 *of release, assignments and satisfactions of mortgages,*
3 *and any other written instrument relating to real*
4 *property or any interest therein heretofore or hereafter*
5 *acquired by the Administrator pursuant to the provisions*
6 *of this title may be exercised by the Administrator or*
7 *by any officer or agent appointed by him without the*
8 *execution of any express delegation of power or power*
9 *of attorney. Nothing in this section shall be construed*
10 *to prevent the Administrator from delegating such power*
11 *by order or by power of attorney, in his discretion, to*
12 *any officer or agent he may appoint:*

13 *(5) acquire, in any lawful manner, any property*
14 *(real, personal, or mixed, tangible or intangible), when-*
15 *ever deemed necessary or appropriate to the conduct of*
16 *the activities authorized in section 207 (a) of this title;*
17 *and*

18 *(6) in addition to any powers, functions, privileges,*
19 *and immunities otherwise vested in him, take any and*
20 *all actions determined by him to be necessary or desir-*
21 *able in making, servicing, compromising, modifying,*
22 *liquidating, or otherwise dealing with or realizing on*
23 *loans or advances made under the provisions of this title.*

24 *(c) To such extent as he finds necessary to carry out*
25 *the provisions of this title, the Administrator is hereby au-*

1 *thorized to procure the temporary (not in excess of one year)*
2 *service of experts or consultants or organizations thereof, in-*
3 *cluding stenographic reporting services, by contract or ap-*
4 *pointment, and in such cases such service shall be without*
5 *regard to the civil service and classification laws, and, except*
6 *in the case of stenographic reporting services by organizations,*
7 *without regard to section 3709, Revised Statutes, as amended*
8 *(41 U. S. C. 5).*

9 *SEC. 206. All moneys of the Administration not other-*
10 *wise employed may be deposited with the Treasurer of the*
11 *United States subject to check by authority of the Administra-*
12 *tion. The Federal Reserve banks are authorized and directed*
13 *to act as depositaries, custodians, and fiscal agents for the Ad-*
14 *ministration in the general performance of its powers con-*
15 *ferred by this title. Any banks insured by the Federal*
16 *Deposit Insurance Corporation when designated by the*
17 *Secretary of the Treasury, shall act as custodians, and finan-*
18 *cial agents for the Administration.*

19 *SEC. 207. The Administration is empowered—*

20 *(a) to make loans or advances to enable small busi-*
21 *ness concerns to finance plant construction, conversion,*
22 *or expansion, including the acquisition of land; or to*
23 *finance the acquisition of equipment, facilities, machin-*
24 *ery, supplies, or materials; or to supply such concerns*
25 *with working capital to be used in the manufacture of*

1 *articles, equipment, supplies, or materials for war, de-*
2 *fense, or essential civilian production or as may be nec-*
3 *essary to ensure a well-balanced national economy; and*
4 *such loans or advances may be made or effected either*
5 *directly or in cooperation with banks or other lending*
6 *institutions through agreements to participate on an*
7 *immediate or deferred basis: Provided, however, That*
8 *the foregoing powers shall be subject to the following*
9 *restrictions and limitations:*

10 *(i) No financial assistance shall be extended*
11 *pursuant to (a) above unless the financial assistance*
12 *applied for is not otherwise available on reason-*
13 *able terms and all loans made shall be of such sound*
14 *value or so secured as reasonably to assure repay-*
15 *ment; no participation may be purchased unless it is*
16 *shown that a deferred participation is not available;*
17 *and no loan may be made unless it is shown that a*
18 *participation is not available;*

19 *(ii) No loan or advance shall be granted under*
20 *this title if the total amount outstanding and com-*
21 *mitted by participation to the borrower from the*
22 *revolving fund established by this title would exceed*
23 *\$100,000, and no loan, including renewals or ex-*
24 *tensions thereof, may be made for a period or periods*
25 *exceeding ten years; except that any loan made for*

1 *the purpose of constructing industrial facilities may*
2 *have a maturity of ten years plus such additional*
3 *period as is estimated may be required to complete*
4 *such construction;*

5 *(iii) In agreements to participate in loans on a*
6 *deferred basis, such participations by the Admin-*
7 *istration shall not be in excess of 90 per centum of*
8 *the balance of the loan outstanding at the time of*
9 *disbursement.*

10 *(b) to enter into contracts with the United States*
11 *Government and any department, agency, or officer*
12 *thereof having procurement powers obligating the Ad-*
13 *ministration to furnish articles, equipment, supplies, or*
14 *materials to the Government;*

15 *(c) to arrange for the performance of such con-*
16 *tracts by negotiating or otherwise letting subcontracts*
17 *to small-business concerns or others for the manufacture,*
18 *supply, or assembly of such articles, equipment, sup-*
19 *plies, or materials, or parts thereof, or servicing or proc-*
20 *essing in connection therewith, or such management*
21 *services as may be necessary to enable the Administra-*
22 *tion to perform such contracts; and*

23 *(d) to provide technical and managerial aids to*
24 *small-business concerns, by advising and counseling on*
25 *matters in connection with Government procurement and*

on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 208. The Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by it after the date of enactment of this title to the Administration for its consideration and possible action.

SEC. 209. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 210. (a) Whoever makes any statement knowing it

1 to be false, or whoever willfully overvalues any security, for
2 the purpose of obtaining for himself or for any applicant any
3 loan, or extension thereof by renewal, deferment of action,
4 or otherwise, or the acceptance, release, or substitution of
5 security therefor, or for the purpose of influencing in any
6 way the action of the Administration, or for the purpose of
7 obtaining money, property, or anything of value, under this
8 title, shall be punished by a fine of not more than \$5,000 or
9 by imprisonment for not more than two years, or both.

10 (b) Whoever, being connected in any capacity with the
11 Administration (A) embezzles, abstracts, purloins, or will-
12 fully misapplies any moneys, funds, securities, or other things
13 of value, whether belonging to it or pledged or otherwise
14 entrusted to it, or (B) with intent to defraud the Adminis-
15 tration or any other body politic or corporate, or any individ-
16 ual, or to deceive any officer, auditor, or examiner of the
17 Administration makes any false entry in any book, report, or
18 statement of or to the Administration, or, without being
19 duly authorized, draws any order or issues, puts forth, or
20 assigns any note, debenture, bond, or other obligation, or
21 draft, bill of exchange, mortgage, judgment, or decree
22 thereof, or (C) with intent to defraud participates, shares,
23 receives directly or indirectly any money, profit, property,
24 or benefit through any transaction, loan, commission, con-
25 tract, or any other act of the Administration, or (D) gives

1 any unauthorized information concerning any future action
2 or plan of the Administration which might affect the value
3 of securities, or, having such knowledge, invests or specu-
4 lates, directly, or indirectly, in the securities or property of
5 any company or corporation receiving loans or other assist-
6 ance from the Administration shall be punished by a fine
7 of not more than \$10,000 or by imprisonment for not more
8 than five years, or both.

9 SEC. 211. It shall be the duty of the Administration and
10 it is hereby empowered, whenever it determines such action
11 is necessary—

12 (a) to make a complete inventory of all productive
13 facilities of small-business concerns which can be used for
14 war or defense production, or to arrange for such inven-
15 tory to be made by any other governmental agency which
16 has the facilities. In making any such inventory, the
17 appropriate agencies in the several States may be re-
18 quested to furnish an inventory of the productive facilities
19 of small-business concerns in each respective State if such
20 an inventory is available or in prospect; and

21 (b) to coordinate and to ascertain the means by
22 which the productive capacity of small-business concerns
23 can be most effectively utilized for war or defense
24 production.

25 SEC. 212. When directed by the President, it shall be the

1 *duty of the Administration to consult and cooperate with*
2 *governmental departments and agencies in the issuance of all*
3 *orders or in the formulation of policy or policies in any way*
4 *affecting small-business concerns. When directed by the*
5 *President all such governmental departments or agencies are*
6 *required, before issuing such orders or announcing such*
7 *policy or policies, to consult and cooperate with the Admin-*
8 *istration in order that the interests of small-business enter-*
9 *prises may be recognized, protected, and preserved.*

10 *SEC. 213. The Administration shall have power, and it is*
11 *hereby directed, whenever it determines such action is*
12 *necessary—*

13 *(a) to consult and cooperate with officers of the*
14 *Government having procurement powers, in order to*
15 *utilize the potential productive capacity of plants oper-*
16 *ated by small-business concerns;*

17 *(b) to obtain information as to methods and prac-*
18 *tices which Government prime contractors utilize in*
19 *letting subcontracts and to take action to encourage the*
20 *letting of subcontracts by prime contractors to small-*
21 *business concerns at prices and on conditions and terms*
22 *which are fair and equitable;*

23 *(c) to determine within any industry the concerns,*
24 *firms, persons, corporations, partnerships, cooperatives,*
25 *or other business enterprises, which are to be designated*

1 *“small-business concerns” for the purpose of effectuat-*
2 *ing the provisions of this title;*

3 *(d) to certify to Government procurement officers*
4 *with respect to the competency, as to capacity and*
5 *credit, of any small-business concern or group of such*
6 *concerns to perform a specific Government procurement*
7 *contract;*

8 *(e) to obtain from any Federal department, estab-*
9 *lishment, or agency engaged in procurement or in the*
10 *financing of procurement or production such reports*
11 *concerning the letting of contracts and subcontracts and*
12 *making of loans to business concerns as it may deem*
13 *pertinent in carrying out its functions under this title;*

14 *(f) to obtain from suppliers of materials informa-*
15 *tion pertaining to the method of filling orders and the*
16 *bases for allocating their supply, whenever it appears*
17 *that any small business is unable to obtain materials*
18 *from its normal sources for war or defense production;*

19 *(g) to make studies and recommendations to the*
20 *appropriate Federal agencies to insure a fair and equi-*
21 *table share of materials, supplies, and equipment to*
22 *small-business concerns to effectuate war or defense*
23 *programs;*

24 *(h) to consult and cooperate with all Government*
25 *agencies for the purpose of insuring that small-business*

1 *concerns shall receive fair and reasonable treatment*
2 *from said agencies; and*

3 *(i) to establish such advisory boards and commit-*
4 *tees wholly representative of small business as may be*
5 *found necessary to achieve the purposes of this title.*

6 *SEC. 214. In any case in which a small-business concern*
7 *or group of such concerns has been certified by or under the*
8 *authority of the Administration to be a competent Govern-*
9 *ment contractor with respect to capacity and credit as to a*
10 *specific Government procurement contract, the officers of the*
11 *Government having procurement powers are directed to ac-*
12 *cept such certification as conclusive, and are authorized to let*
13 *such Government procurement contract to such concern or*
14 *group of concerns without requiring it to meet any other*
15 *requirement with respect to capacity and credit.*

16 *SEC. 215. To effectuate the purposes of this title, small-*
17 *business concerns within the meaning of this title shall receive*
18 *any award or contract or any part thereof as to which it is*
19 *determined by the Administration and the contracting pro-*
20 *curement agency (A) to be in the interest of mobilizing the*
21 *Nation's full productive capacity, or (B) to be in the interest*
22 *of war or national defense programs.*

23 *SEC. 216. The Administration shall make a report every*
24 *six months of operations under this title to the President,*
25 *the President of the Senate, and the Speaker of the House of*

1 *Representatives. Such report shall include the names of the*
2 *business concerns to whom contracts are let and for whom*
3 *financing is arranged by the Administration, together with the*
4 *amounts involved, and such report shall include such other*
5 *information and such comments and recommendations as the*
6 *Administration may deem appropriate.*

7 *SEC. 217. The Administration is hereby empowered to*
8 *make studies of the effect of price, credit, and other controls*
9 *imposed under war or defense programs and wherever it*
10 *finds that these controls discriminate against or impose undue*
11 *hardship upon small business, to make recommendations to*
12 *the appropriate Federal agency for the adjustment of con-*
13 *trols to the needs of small business.*

14 *SEC. 218. (a) The President is authorized to consult*
15 *with representatives of small-business concerns with a view*
16 *to encouraging the making by such persons with the approval*
17 *by the President of voluntary agreements and programs to*
18 *further the objectives of this title.*

19 *(b) No act or omission to act pursuant to this title*
20 *which occurs while this title is in effect, if requested by the*
21 *President pursuant to a voluntary agreement or program*
22 *approved under subsection (a) and found by the President*
23 *to be in the public interest as contributing to the national*
24 *defense shall be construed to be within the prohibition of the*
25 *antitrust laws or the Federal Trade Commission Act of the*

1 *United States. A copy of each such request intended to be*
2 *within the coverage of this section, and any modification or*
3 *withdrawal thereof, shall be furnished to the Attorney Gen-*
4 *eral and the Chairman of the Federal Trade Commission*
5 *when made, and it shall be published in the Federal Register*
6 *unless publication thereof would, in the opinion of the*
7 *President, endanger the national security.*

8 *(c) The authority granted in subsection (b) shall be*
9 *delegated only (1) to an official who shall for the purpose of*
10 *such delegation be required to be appointed by the President*
11 *by and with the advice and consent of the Senate, and*
12 *(2) upon the condition that such official consult with the*
13 *Attorney General and with the Chairman of the Federal*
14 *Trade Commission not less than ten days before making any*
15 *request or finding thereunder, and (3) upon the condition*
16 *that such official obtain the approval of the Attorney General*
17 *to any request thereunder before making the request.*

18 *(d) Upon withdrawal of any request or finding made*
19 *hereunder the provisions of this section shall not apply to any*
20 *subsequent act or omission to act by reason of such finding or*
21 *request.*

22 *SEC. 219. (a) The President may transfer to the Ad-*

1 ministration any functions, powers, and duties of any depart-
2 ment or agency which relate primarily to small-business prob-
3 lems. In connection with any such transfer, the President
4 may provide for appropriate transfers of records, property,
5 necessary personnel, and unexpended balances of appropria-
6 tions and other funds available to the department or agency
7 from which the transfer is made.

8 (b) The President may also provide for such transfers
9 of records, property, and personnel from the Small Defense
10 Plants Administration, during the period of its liquidation, as
11 he considers appropriate to assist the Small Business Admin-
12 istration in carrying out its functions under this title. The
13 Defense Production Act of 1950, as amended, is further
14 amended by the repeal of section 714 of that Act.

15 SEC. 220. No loan shall be made or equipment, facilities,
16 or services furnished by the Administration under this title
17 to any business enterprise unless the owners, partners, or
18 officers of such business enterprise (1) certify to the Admin-
19 istration the names of any attorneys, agents, or other persons
20 engaged by or on behalf of such business enterprise for
21 the purpose of expediting applications made to the Ad-
22 ministration for assistance of any sort, and the fees paid or to

1 be paid to any such persons; (2) execute an agreement bind-
2 ing any such business enterprise for a period of two years
3 after any assistance is rendered by the Administration to such
4 business enterprise, to refrain from employing, tendering any
5 office or employment to, or retaining for professional services,
6 any person who, on the date such assistance or any part
7 thereof was rendered, or within one year prior thereto, shall
8 have served as an officer, attorney, agent, or employee of
9 the Administration occupying a position or engaging in activ-
10 ities which the Administration shall have determined involve
11 discretion with respect to the granting of assistance under
12 this title; and (3) shall furnish the names of lending institu-
13 tions to which such business enterprise has applied for loans
14 together with dates, amounts, terms, and proof of refusal.

15 *SEC. 221. To the fullest extent the Administration deems*
16 *practicable, it shall make a fair charge for the use of*
17 *Government-owned property and make and let contracts on*
18 *a basis that will result in a recovery of the direct costs*
19 *incurred by the Administration.*

20 *SEC. 222. There are hereby authorized to be appropri-*
21 *ated such sums as may be necessary and appropriate for the*
22 *carrying out of the provisions and purposes of this title.*

23 *SEC. 223. If any provision of this title, or the application*
24 *thereof to any person or circumstances, is held invalid, the*
25 *remainder of this title, and the application of such provision*

- 1 *to other persons or circumstances, shall not be affected*
- 2 *thereby.*

Passed the Senate May 19 (legislative day, May 15),
1953.

Attest: J. MARK TRICE,
Secretary.

Passed the House of Representatives with an amendment
June 9, 1953.

Attest: LYLE O. SNADER,
Clerk.

AN ACT

To provide authority for temporary economic controls, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 11 (legislative day, JUNE 8), 1953

Ordered to be printed with the amendment of the
House of Representatives

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 12, 1953
June 11, 1953
83rd-1st, No. 107

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HIGHLIGHTS: Senate completed final congressional action on Treasury-Post Office ap-
propriation bill. Sen. Thye urged consideration of his bill providing surplus feed
and food grains to Holland. Senate committee reported flammable fabrics bill. House
reported 2nd independent offices appropriation bill. House sent economic controls
bill to conference. House committee ordered reported mutual security extension bill.
House agreed to resolution providing \$50,000 for agriculture investigations. Sen.
Schoepel introduced and discussed bill authorizing CCC to transfer surplus commodi-
ties to MSA.

HOUSE

1. AGRICULTURE INVESTIGATIONS. Agreed, without amendment, to H. Res. 213, to pro-
vide \$50,000 for studies and investigations by the Agriculture Committee (p.
6637). The House Administration Committee had previously reported this resolu-
tion (H. Rept. 545) (p. 6655).
2. APPROPRIATIONS. The Appropriations Committee reported without amendment
H.R. 5690, second independent offices appropriation bill for 1954 (H. Rept. 550)
(p. 6655). Rep. Yates received permission to file minority views on this bill
(p. 6638).
3. ECONOMIC CONTROLS. Reps. Wolcott, Gamble, Talle, Kilburn, Spence, Brown (Ga.),
and Patman were appointed as conferees for S. 1081, authorizing temporary
economic controls (pp. 6637-38). Senate conferees were appointed on June 10.
4. FOREIGN AID. The Foreign Affairs Committee ordered reported (but did not
actually report) the proposed mutual security extension bill. The "Daily Digest"
states that, in addition to structural amendments, the committee cut
\$476,000,000 from the proposed \$5,474,732,500, reporting the bill out at
\$4,998,732,500. The cuts were: \$100 million from sec. 101 (a) (1)--Europe,
\$100 million from Sec. 201--Near East and Africa; \$100 million for defense sup-
port in Europe, \$150 million for special weapons, \$25 million for basic mater-
ials, and \$1 million for ocean freight (p. D545).
5. PUBLIC BUILDINGS. The Public Works Committee reported with amendment H.R. 5406,
authorizing GSA to acquire Federal title to real property and to provide for
the construction of certain public buildings for housing Federal agencies by

executing purchase contracts (H. Rept. 552) (p. 6655).

6. FLAG. Passed as reported S. 604, prohibiting display of other flags in equal or superior prominence to the U. S. flag except under specified circumstances (pp. 6644-46).

7. WAR POWERS. The Judiciary Committee ordered reported (but did not actually report) H.R. 2557, to extend title 2 of the First War Powers Act (contract authority of the President) through June 30, 1954 (p. D545).

8. DISASTER AREA. Agreed to H. Res. 276, providing for Federal aid to Massachusetts by classifying certain tornado devastated areas as disaster areas (pp. 6641-44).

9. FOREIGN TRADE. The purposes of H.R. 5495, extending the President's authority to enter into reciprocal trade agreements, as stated in the committee's report are:

"1. Extend until June 12, 1954, the authority of the President under section 350 of the Tariff Act of 1930, as amended, to enter into trade agreements as requested by the President;

"2. Reduce from 1 year to 9 months the period within which the Tariff Commission must make its investigation and report on applications for relief under the escape clause;

"3. Increase the membership of the Tariff Commission from 6 to 7; and

"4. Establish a temporary bipartisan commission to be known as the 'Commission on Foreign Economic Policy' which will provide the mechanism for a thorough examination of our foreign economic policy as recommended by the President."

10. ADJOURNED until Mon., June 15 (p. 6655). Legislative Program as stated by the Majority Leader: Mon., Consent Calendar, H.R. 5495, reciprocal trade agreements extension bill, and H.R. 5451, wheat marketing quota bill; Tues., Private Calendar and H.R. 5690, second independent offices appropriation bill which is expected to be passed on Wed., after which the legislative appropriation bill and H.R. 3203, the trip leasing bill, will be considered (p. 6638).

SENATE

11. APPROPRIATIONS. Passed without amendment H.R. 5174, the Treasury-Post Office appropriation bill for 1954 (pp. 6592-6600). This bill will now be sent to the President.

12. FLAMMABLE FABRICS. The Interstate and Foreign Commerce Committee reported without amendment H.R. 5069, prohibiting interstate commerce of wearing apparel and fabrics which are so highly flammable as to be dangerous when worn by individuals (S. Rept. 400) (p. 6589).

13. RESEARCH. The Labor and Public Welfare Committee reported with amendment S. 977, which would amend the National Science Foundation Act so as to provide for an "open-end" authorization (S. Rept. 396) (p. 6589).

14. FOREIGN AID. Sen. Thye spoke favoring transfer of surplus wheat to Pakistan, and urged consideration of S. 847, providing shipment of surplus feed and food grains to Holland (p. 6590).

15. INTEREST RATES. Sens. Kerr, Capehart, Bush, and others, discussed the effects of increased interest rates on our economy (pp. 6600-22), and Sen. Bush

House of Representatives

THURSDAY, JUNE 11, 1953

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art the Supreme Ruler of the Universe, whose laws and commandants are benign and beneficent, grant that we may see more clearly that in observing and obeying them we may find our truest joy and greatest peace.

May our minds and hearts be stirred and quickened with a new sense of Thy divine sovereignty, not as an arbitrary power, but as the wisdom and kindness of our Heavenly Father, whose thoughts concerning us are always those of love and mercy.

We pray, in all humility and sincerity, that we may be inspired by the ministry of Thy life-giving and life-directing Spirit as we seek to apprehend and apply those great moral and spiritual truths and principles which will strengthen the bonds of brotherhood and fellowship among the nations of the earth.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3795. An act to adjust the salaries of officers and members of the Metropolitan Police force, the United States Park Police, the White House Police, and the Fire Department of the District of Columbia, and for other purposes.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 1081) entitled "An act to provide authority for temporary economic controls, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CAPEHART, Mr. BRICKER, Mr. BENNETT, Mr. BUSH, Mr. MAYBANK, Mr. FULBRIGHT, and Mr. ROBERTSON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4664) entitled "An act making supplemental appropriations for the fiscal year ending June 30, 1953, and for other purposes."

The message also announced that the Senate agrees to the amendment of the

House to Senate amendment No. 19 to the above-entitled bill.

COMMITTEE ON AGRICULTURE

Mr. BISHOP. Mr. Speaker, by direction of the Committee on House Administration I call up House Resolution 213 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations authorized by House Resolution 161, 83d Congress, incurred by the Committee on Agriculture, acting as a whole or by subcommittee, not to exceed \$50,000, including expenditures for the employment of accountants, experts, investigators, attorneys, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House, on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

SEC. 2. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

The resolution was agreed to, and a motion to reconsider was laid on the table.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. BISHOP. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 270 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That in carrying out its duties during the 83d Congress, the Committee on the District of Columbia is authorized to incur such expenses (not in excess of \$2,000) as it deems advisable. Such expenses shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof, and approved by the Committee on House Administration.

The resolution was agreed to, and a motion to reconsider was laid on the table.

COMPENSATION FOR SERVICES OF AN ASSISTANT FILE CLERK

Mr. BISHOP. Mr. Speaker, by direction of the Committee on House Administration I call up House Resolution 254 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That effective June 1, 1953, there shall be paid out of the contingent fund of the House, until otherwise provided by law, compensation at the basic rate of \$3,000 per annum for the services of an assistant file clerk, who shall be designated by the minority leader subject to approval by the Speaker.

The resolution was agreed to, and a motion to reconsider was laid on the table.

SELECT COMMITTEE ON SMALL BUSINESS

Mr. SCHENCK. Mr. Speaker, by direction of the Committee on House Administration I call up House Resolution 158 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there shall be printed 1,000 additional copies of the report of the Select Committee on Small Business entitled "Review of Small Business" (H. Rept. No. 2513, 82d Cong.), which shall be delivered to the Select Committee on Small Business.

With the following committee amendment:

Page 1, line 1, strike out "1,000" and insert "2,000."

The committee amendment was agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

SELECT COMMITTEE ON CURRENT PORNOGRAPHIC MATERIAL

Mr. SCHENCK. Mr. Speaker, by direction of the Committee on House Administration I call up House Resolution 183 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed for the use of the Select Committee To Conduct a Study and Investigation of Current Pornographic Material 4,500 additional copies of House Report No. 2510 of the 82d Congress, being the report to the House of Representatives by the said select committee.

With the following Committee amendments:

Page 1, line 1, after "printed", strike out the remainder of line 1 and all of line 2 and line 3 down to and including "Material."

Line 5, after "Congress" strike out the remainder of the resolution and insert "relating to the investigation of pornographic material, for the House Document Room."

The committee amendment was agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

TEMPORARY ECONOMIC CONTROLS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, with an amendment of the House thereto, in-

sist upon the House amendment, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. WOLCOTT, GAMBLE, TALLE, KILBURN, SPENCE, BROWN of Georgia, and PATMAN.

ADMINISTRATOR OF GENERAL SERVICES

Mr. AUCHINCLOSS. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have until midnight tonight to file a report on the bill (H. R. 5406) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings for housing of Federal agencies or departments, including post offices, by executing purchase contracts, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

TORNADO DAMAGE IN MICHIGAN

(Mr. CLARDY asked and was given permission to address the House for 1 minute.)

Mr. CLARDY. Mr. Speaker, I have just returned from my district, where I inspected the devastation that took place as a result of the tornado that struck just north of Flint, Mich. I shall not attempt to describe the scene as I found it. It was so bad that I think it would take many, many minutes to go into it so you would get a complete picture.

Why I rise is this: The town of Flint was not struck. However, it is being flooded by telegraph messages and by telephone calls. There are many anxious people all over the Nation who are concerned for their loved ones.

I want them to know that if they have not been advised that some of their folks have been killed or injured they need have no worry, because all the injured have been identified and have been in communication with their relatives scattered throughout the country, and the relatives of all but a very small handful of those who were killed have also been notified.

I ask the Members of the House to please disseminate this information about the Nation, because the schedule at present is many, many hours behind in attempting to use the telephone either in or out of the city of Flint. I repeat, no one in the city of Flint was injured, because the storm did not strike that city. It struck in the open country where 300 or 400 houses were located in a small development between the communities. It is bad, but I will describe it sometime later in the RECORD.

LEGISLATIVE PROGRAM FOR NEXT WEEK

(Mr. RAYBURN asked and was given permission to address the House for 1 minute.)

Mr. RAYBURN. Mr. Speaker, I would like to inquire of the gentleman from Indiana [Mr. HALLECK] with reference to the program for next week.

Mr. HALLECK. The program as we see it is as follows:

Monday will be the Consent Calendar. I understand there are not too many bills on that calendar that are eligible for consideration on Monday, but I think we should call it.

A rule has been granted on H. R. 5495 which has to do with the extension of the Reciprocal Trade Agreements Act. We expect to dispose of that. I am sure the gentleman knows it is a closed rule, except it does permit one amendment and committee amendments. There are 2 hours of general debate and we should be able to dispose of that and we expect to vote on it on Monday.

The Committee on Agriculture has reported H. R. 5451, having to do with wheat marketing quotas. They have obtained a rule, but my information is that there is no substantial opposition to the measure, so we contemplate calling it under suspension of the rules on Monday next after we dispose of the Reciprocal Trade Agreements Act.

As the gentleman from Texas knows, the Reciprocal Trade Agreements Act expires tomorrow. However, that is not a fatal matter, because the legislation will become effective, but it does indicate a situation under which we should attempt to dispose of the matter finally and get it over to the other body on Monday.

On Tuesday we will call the Private Calendar.

Then it is expected that general debate on the second part of the independent offices appropriation bill will continue through the day on Tuesday, and I would suppose the reading of the first section of the bill so that we would be ready to read the bill under the 5-minute rule on Wednesday. We will continue consideration of that part of the independent offices appropriation bill on Wednesday and for such time after that as it may be necessary to complete it.

Then I have grouped under the designation Wednesday, Thursday, Friday, and Saturday, the legislative appropriation bill, which we hope will be reported so that it may be considered next week.

Also H. R. 3203, having to do with trip leasing.

House Joint Resolution 234, having to do with expenses of the Interparliamentary Union.

Then, if committee action is taken and rules are granted we would also like to call up next week the MSA authorization bill and the extension of the excess profits tax.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 o'clock noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

SECOND INDEPENDENT OFFICES APPROPRIATION BILL

Mr. PHILLIPS, from the Committee on Appropriations, reported the bill (H. R. 5690, Rept. No. 550) making appropriations for additional independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1954, and for other purposes, which was read the first and second time and, with the accompanying report, referred to the Committee of the Whole House on the State of the Union and ordered printed.

Mr. YATES. Mr. Speaker, I reserve all points of order on the bill.

I ask unanimous consent, Mr. Speaker, that I may be allowed to file minority views in connection with that bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

RENEGOTIATION OF GOVERNMENT CONTRACTS

(Mr. MEADER asked and was given permission to address the House for minute and to revise and extend his remarks and include extraneous matter.)

Mr. MEADER. Mr. Speaker, I asked for this time for the purpose of inserting in the CONGRESSIONAL RECORD a list of contracts exempted from renegotiation.

My first activity in the House of Representatives was in connection with the Renegotiation Act of 1951. I sought to incorporate an amendment in the act to prohibit granting exemptions from renegotiation to any contractors. I did this on the philosophy that all war contractors should be treated alike. I wanted to prevent any favoritism, influence, or discrimination in the administration of the Renegotiation Act. That amendment was not adopted. However, the permissive exempting authority was restricted and limited.

Following that, the gentleman from Virginia, the Honorable PORTER HARDY, chairman of the Subcommittee on Government Operations of the Committee on Expenditures in the Executive Department, requested full facts on all exempted contracts. He inserted a list of contractors exempted from renegotiation in the CONGRESSIONAL RECORD of February 20, 1952.

The list which I insert in the RECORD today is a followup of that effort to maintain full publicity, with respect to exemptions granted by the Renegotiation Board. The Board and contractors

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 17, 1953
For actions of June 16, 1953
83rd-1st, No. 109

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HIGHLIGHTS: Senate passed Pakistan wheat bill. Senate committee reported St. Lawrence waterway bill. House debated 2nd independent offices appropriation bill. House committees reported wheat-for-Pakistan and mutual security bills. Conferees reported economic controls bill.

HOUSE

1. **FOREIGN AID.** The Agriculture Committee reported with amendment H.R. 5659, to provide for the transfer of price-support wheat to Pakistan (H. Rept. 570) (p. 6906).

The Foreign Affairs Committee reported without amendment H.R. 5710, Mutual Security Agency authorization bill (H. Rept. 569) (p. 6906). Reps. Burleson and Javits discussed this bill (pp. 6851-53).

2. **ECONOMIC CONTROLS.** Received the conference report on S. 1081, providing for temporary economic controls (H. Rept. 571) (pp. 6901-06). The conferees agreed to eliminate from the bill titles 6 (consumer and real-estate credit) and 8 (90-day freeze provisions); adopt the Senate definition of national defense; adopt the House amendment to establish a Small Business Administration (to take the place of the Small Defense Plant Administration which will expire June 30, 1953); and adopt a 2-year extension of those provisions which the House amendment would have extended for only 1 year.

3. **APPROPRIATIONS.** Began debate on H.R. 5690, second independent offices appropriation bill for 1954 (pp. 6850, 6862-901). The discussion centered mainly on TVA.

4. **FORESTRY.** The Interior and Insular Affairs Committee ordered reported (but did not actually report) with amendments H.R. 334, regarding disposition of deposits of sand, stone, gravel, etc., when situated on national forest lands (p. D564).

5. RECLAMATION. The Interior and Insular Affairs Committee ordered reported (but did not actually report) with amendments H.R. 1374, relating to appropriations for construction of the Eklutna project, Alaska (p. D564).
6. FOOD INSPECTION. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) H.R. 5740, to permit factory, warehouse, etc., inspection by the Food and Drug Administration, after giving written notice to the owner (p. D565).
7. PERSONNEL. The Post Office and Civil Service Committee ordered reported (but did not actually report) H.R. 5706, to facilitate civil-service appointment of persons who lost this opportunity because of military service after June 30, 1950 (p. D565).
8. FARM PRICES. Rep. McCarthy criticized the statement by Leonard Hall, Republican national chairman, that the farm price decline had been halted by the present administration and that farm prices were now on the upturn (p. 6852).

SENATE

9. FOREIGN AID. Passed with amendments S. 2112 (pp. 6824-31). This bill provides as follows:

Authorizes the Commodity Credit Corporation to make up to 1 million long tons of wheat acquired through price-support operations available to the President for transfer to the Government of Pakistan upon such terms as he sees fit. Authorizes appropriations to reimburse CCC. Requires the terms of the transfer to Pakistan to provide for (a) distribution of the wheat without discrimination; (b) full publicity for United States assistance; (c) United States observers; (d) utilization of local currency received for the wheat as agreed upon by the United States and Pakistan to increase food production in Pakistan and other projects in the mutual interest of the two countries; (e) allocation of 5 percent of the local currency receipts to the United States for its local currency requirements; (f) appropriate measures to reduce and forestall further relief needs; and (g) free distribution to needy persons. Permits termination of assistance by the President or Congress. Requires transportation of at least half of the wheat in American ships.
10. ST. LAWRENCE WATERWAY. The Foreign Relations Committee reported without amendment S. 2150, to create the St. Lawrence Seaway Development Corporation. Sen. Wiley stated this bill was approved by a 13-2 committee vote. The committee was granted authority to submit its report within the next 2 days (S. Rept. 441). (pp. 6820-1.)
11. IMMIGRATION. Passed without amendment S. 1766, to establish the Office of Commissioner of Refugees to coordinate Government activities relating to escapees and refugees and the migration of persons (pp. 6834-5).
12. RECESSED until Thurs., June 18 (p. 6849). The legislative program as stated by the acting majority leader: S. 1901, outer Continental Shelf bill was made the unfinished business until copies of the hearings and report are available; Thurs., calendar; Fri., if hearings on S. 1901 are not then available, "miscellaneous and largely uncontroversial bills" (pp. 6847-8).

DEFENSE PRODUCTION ACT AMENDMENTS OF 1953

JUNE 16, 1953.—Ordered to be printed

Mr. WOLCOTT, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 1081]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

TITLE I

SECTION 1. This title may be cited as the "Defense Production Act Amendments of 1953".

SEC. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"DECLARATION OF POLICY

"SEC. 2. In view of the present international situation and in order to provide for the national defense and national security our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires expansion of productive facilities beyond the levels needed to meet the civilian demand."

SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national

defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

“(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.”

SEC. 4. Subsection (a) of section 301 of the Defense Production Act of 1950, as amended, is amended by striking out “, or in connection with or in contemplation of the termination,” and by inserting before the period at the end thereof a comma and the following: “or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in section 203 of the Small Business Act of 1953) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply”.

SEC. 5. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is amended by striking out “1962” and inserting in lieu thereof “1963”.

SEC. 6. Section 303 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof a new subsection as follows:

“(f) Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this Act, shall be transferred to the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.

“Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such Act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, minerals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this Act, as amended, shall be reduced in an amount equal to the amount of any notes so canceled.”

SEC. 7. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

“(c) Whenever the President invokes the powers given him in this Act to allocate any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as

practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953: Provided, however, That the President shall from time to time give effect to the then current competitive position of established businesses as measured over a reasonable period of time, except as the same may result from Government controls under this or any other Act: Provided further, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: Provided further, That if the President continues or reimposes allocation controls after June 30, 1953, in the civilian market of any materials subject to such controls on July 1, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations."

SEC. 8. Section 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(d) The term 'national defense' means programs for military and atomic energy production or construction, military assistance to any foreign nation, stockpiling, and directly related activity."

SEC. 9. Subsection (e) of section 705 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following paragraph:

"All information obtained by the Office of Price Stabilization under this section 705, as amended, and not made public prior to April 30, 1953, shall be deemed confidential and shall not be published or disclosed, either to the public or to another Federal agency except the Congress or any duly authorized committee thereof, and except the Department of Justice for such use as it may deem necessary in the performance of its functions, unless the President determines that the withholding thereof is contrary to the interests of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both."

SEC. 10. Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(a) Title I (except section 104), title III, and title VII (except section 714) of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955. Section 104, title II, title VI, and section 714 of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953. Titles IV and V of this Act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953."

SEC. 11. Subsection (c) of section 717 of the Defense Production Act of 1950, as amended, is amended by adding before the period at the end thereof a comma and the following: "or the taking of any action (including the making of new guarantees) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this Act, including actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection".

TITLE II

SEC. 201. This title may be cited as the "Small Business Act of 1953".

SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

SEC. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

SEC. 204. (a) In order to carry out this policy there is hereby created an agency under the name "Small Business Administration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$250,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$250,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 207 (a), (b), and (c). Not to exceed an aggregate of \$150,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$100,000,000 shall be outstanding at any one time for the purposes enumerated in sections 207 (b) and (c).

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy adminis-

trators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

(d) There is hereby created the Small Business Advisory Board of the Small Business Administration, which shall consist of the following members, all *ex officio*: The Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Small Business Advisory Board with respect to any matter or matters. The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authority conferred upon it by this title. Such general policies shall, among other things, provide the standards (1) for the granting and denial of financial assistance by the Administration, and (2) for the exercise of the powers enumerated in sections 207 (b) and (c). It shall also be the duty of the Small Business Advisory Board to periodically review the operations of the Administration and coordinate its functions with other activities and policies of the Government.

SEC. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: Provided, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be

reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 207 (a) of this title; and

(6) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans or advances made under the provisions of this title.

(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of one year) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

SEC. 206. All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit Insurance Corporation when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

SEC. 207. The Administration is empowered—

(a) to make loans or advances to enable small business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential

civilian production or as may be necessary to ensure a well-balanced national economy; and such loans or advances may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: Provided, however, That the foregoing powers shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

(2) No loan or advance shall be granted under this title if the total amount outstanding and committed by participation to the borrower from the revolving fund established by this title would exceed \$100,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years; except that any loan made for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction;

(3) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement;

(b) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(c) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(d) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearing-house for information concerning the managing, financing and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 208. The Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by it after the date of enactment of this title to the Administration for its consideration and possible action.

SEC. 209. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 210. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

SEC. 211. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

SEC. 212. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies,

to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

SEC. 213. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this title;

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropriate, Federal agencies to insure a fair and equitable share of materials supplies, and equipment to small-business concerns to effectuate war or defense programs;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

SEC. 214. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

SEC. 215. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

SEC. 216. *The Administration shall make a report every six months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.*

SEC. 217. *The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.*

SEC. 218. (a) *The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this title.*

(b) *No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.*

(c) *The authority granted in subsection (b) shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.*

(d) *Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.*

SEC. 219. (a) *The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.*

(b) *The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title.*

SEC. 220. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such person; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) shall furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 221. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

SEC. 222. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this title.

SEC. 223. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title, and the application of such provision to other persons or circumstances, shall not be affected thereby.

And the House agree to the same.

JESSE P. WOLCOTT,

RALPH A. GAMBLE

(By J. P. W.)

HENRY O. TALLE,,

CLARENCE E. KILBURN,

BRENT SPENCE,

PAUL BROWN,

WRIGHT PATMAN,

Managers on the Part of the House.

HOMER E. CAPÉHART,

JOHN W. BRICKER,

WALLACE F. BENNETT,

PRESCOTT BUSH,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

TERMINATION DATES

The Senate bill provided for a 2-year extension of certain provisions of the Defense Production Act of 1950. The House amendment provided for a 1-year extension of some, but not all, of these provisions. The conference substitute provides for a 2-year extension of those provisions which the House amendment extended for 1 year. These provisions, which will terminate June 30, 1955, under the conference substitute, are sections 101, 102, and 103 of title I (which relate to priorities and allocation controls and hoarding); title III (which relates to expansion of productive capacity and supply); and title VII (which contains general provisions relating to the administration of the act), except section 714. Section 714, which provides for the Small Defense Plants Administration, will terminate June 30, 1953. Its successor, the Small Business Administration, created by title II of the House amendment and retained in the conference substitute, will be a permanent agency.

DEFINITION OF "NATIONAL DEFENSE"

The Senate bill amended the definition of "national defense", contained in section 702 (d) of the Defense Production Act of 1950, to read as follows: "The term 'national defense' means programs for military and atomic energy production or construction, military assistance to any foreign nation and stockpiling and directly related activity." The House amendment contained a substitute definition covering the activities and operations of the Armed Forces and the Atomic Energy Commission and other agencies certified by the Department of Defense as directly and substantially concerned with the national defense, and operations and activities in connection with the Mutual Defense Assistance Act of 1949. The conference substitute contains the definition included in the Senate bill, with an amendment to make it clear that the phrase "directly related

activity" applies to programs for military and atomic energy production or construction and military assistance to foreign nations, as well as to stockpiling.

INFORMATION OBTAINED BY THE OFFICE OF PRICE STABILIZATION

The House amendment contained a provision, not included in the Senate bill, barring disclosure of certain information obtained by the Office of Price Stabilization, except to the Department of Justice, unless the President determines it is contrary to the interest of the national defense to withhold the information. The conference substitute includes this provision, with two amendments. The first amendment provides that such information may be disclosed to the Congress or any of its authorized committees. The second amendment makes it clear that such information, when disclosed to the Department of Justice, may be used by it to the extent it deems necessary in performing its functions.

PRODUCERS OF MINERALS AND METALS

It has been contended that the Small Defense Plants Administration would not consider producers of strategic and critical minerals and metals as small business concerns and therefore such producers were denied the assistance afforded to small business concerns under the provisions of section 714 of the Defense Production Act of 1950 which created the Small Defense Plants Administration. As a result section 10 of the bill as passed the Senate proposed to amend the definition of "small business" contained in section 714 (a) (1) of the Defense Production Act of 1950 as amended. To make it clear that the producers of strategic and critical minerals and metals were eligible for the assistance provided to small business under such section if such producers otherwise qualified as small business concerns a similar amendment was proposed to the definition of "small business" when the Small Business Act of 1953 was being considered in the House of Representatives. The amendment was withdrawn after full assurance was given by the committee that such producers were as eligible as any other business so long as such producers were small business concerns. It was made clear in the discussion of this amendment in the House that a small business concern was not to be denied assistance merely because it was a producer of strategic minerals and metals. It was made clear that producers of minerals and metals other than strategic and critical were likewise eligible for the benefits so long as they were small business concerns.

The proposed change in the definition of a small business concern to specifically include producers of strategic and critical minerals was not retained in the conference substitute merely because by specifically naming certain businesses which were to be included as small business concerns it might be construed as eliminating other business concerns because they were not so specifically named. It is the unanimous opinion of the conferees that a producer of strategic and critical minerals and metals is as eligible for assistance under title II of the conference substitute as any other business concern if it otherwise meets the criteria for a small business concern under the act.

DISTRIBUTION OF MATERIALS TO SMALL BUSINESS

In view of the termination of the allocation of many materials for civilian purposes, it is the hope of the conferees that the producers of such materials will continue to distribute their supplies so as to assure small users thereof sufficient quantities to meet their current requirements.

JESSE P. WOLCOTT,

RALPH A. GAMBLE,

By J. P. W.

HENRY O. TALLE,

CLARENCE E. KILBURN,

BRENT SPENCE,

PAUL BROWN,

WRIGHT PATMAN,

Managers on the Part of the House.



private capital, and free the Congress from having each year to fight the battles between public and private power interests.

The CHAIRMAN. The time of the gentleman from North Carolina has expired. All time for general debate has expired. The Clerk will read.

The Clerk read down to and including page 2, line 2.

Mr. PHILLIPS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BETTS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 5690, second independent offices appropriation bill 1954, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. PHILLIPS. Mr. Speaker, in the Committee of the Whole I asked and secured consent that all Members may have permission to revise and extend their remarks. In the House I now ask unanimous consent that all Members may have permission to include statistics or extraneous material in those remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House may have until midnight tonight to file a conference report on the bill S. 1081.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The conference report and statement follows:

CONFERENCE REPORT (H. REPT. NO. 571)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"TITLE I

"SECTION 1. This title may be cited as the 'Defense Production Act Amendments of 1953.'

"SEC. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"DECLARATION OF POLICY

"SEC. 2. In view of the present international situation and in order to provide for the national defense and national security our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires expansion

of productive facilities beyond the levels needed to meet the civilian demand.'

"SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.'

"SEC. 4. Subsection (a) of section 301 of the Defense Production Act of 1950, as amended; is amended by striking out, 'or in connection with or in contemplation of the termination,' and by inserting before the period at the end thereof a comma and the following: 'or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in section 203 of the Small Business Act of 1953) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply.'

"SEC. 5. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is amended by striking out '1962' and inserting in lieu thereof '1963'.

"SEC. 6. Section 303 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof a new subsection as follows:

"(f) Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this Act, shall be transferred to the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.

"Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such Act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, minerals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this Act, as amended, shall be reduced in an amount equal to the amount of any notes so canceled.'

"SEC. 7. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(c) Whenever the President invokes the powers given him in this Act to allocate any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953: *Provided, however*, That the President shall from time to time give effect to the then current competitive position of established businesses measured over a reasonable period of time, except as the same may result from Government controls under this or any other Act: *Provided further*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: *Provided further*, That if the President continues or reimposes allocation controls after June 30, 1953, in the civilian market of any materials subject to such controls on July 1, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations.'

"SEC. 8. Section 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(d) The term "national defense" means programs for military and atomic energy production or construction, military assistance to any foreign nation, stockpiling, and directly related activity.'

"SEC. 9. Subsection (e) of section 705 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following paragraph:

"All information obtained by the Office of Price Stabilization under this section 705, as amended, and not made public prior to April 30, 1953, shall be deemed confidential and shall not be published or disclosed, either to the public or to another Federal agency except the Congress or any duly authorized committee thereof, and except the Department of Justice for such use as it may deem necessary in the performance of its functions, unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both.'

"SEC. 10. Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(a) Title I (except section 104), title III, and title VII (except section 714) of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955. Section 104, title II, title VI, and section 714 of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953. Titles IV and V of this Act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953.'

"SEC. 11. Subsection (c) of section 717 of the Defense Production Act of 1950, as amended, is amended by adding before the period at the end thereof a comma and the following: 'or the taking of any action (including the making of new guarantees) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this Act, including actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority

granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection'.

"TITLE II

"SEC. 201. This title may be cited as the 'Small Business Act of 1953'.

"SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

"SEC. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

"SEC. 204. (a) In order to carry out this policy there is hereby created an agency under the name "Small Business Administration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

"(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$250,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$250,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 207 (a), (b), and (c). Not to exceed an aggregate of \$150,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$100,000,000 shall be outstanding at any one time for the purposes enumerated in sections 207 (b) and (c).

"(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vest-

ed in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

"(d) There is hereby created the Small Business Advisory Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Small Business Advisory Board with respect to any matter or matters. The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authority conferred upon it by this title. Such general policies shall, among other things, provide the standards (1) for the granting and denial of financial assistance by the Administration, and (2) for the exercise of the powers enumerated in sections 207 (b) and (c). It shall also be the duty of the Small Business Advisory Board to periodically review the operations of the Administration and coordinate its functions with other activities and policies of the Government.

"SEC. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

"(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

"(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

"(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

"(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

"(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator

in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

"(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 207 (a) of this title; and

"(6) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans or advances made under the provisions of this title.

"(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of one year) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

"SEC. 206. All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit Insurance Corporation when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

"SEC. 207. The Administration is empowered—

"(a) to make loans or advances to enable small business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to ensure a well-balanced national economy; and such loans or advances may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided*, however, That the foregoing powers shall be subject to the following restrictions and limitations:

"(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

"(2) No loan or advance shall be granted under this title if the total amount outstanding and committed by participation to the borrower from the revolving fund established by this title would exceed \$100,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years; except that any loan made for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction;

"(3) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement;

"(b) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

"(c) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

"(d) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

"SEC. 208. The Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by it after the date of enactment of this title to the Administration for its consideration and possible action.

"SEC. 209. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

"SEC. 210. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this

title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly, or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"SEC. 211. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

"(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

"(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

"SEC. 212. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

"SEC. 213. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

"(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated 'small-business concerns' for the purpose of effectuating the provisions of this title;

"(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

"(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

"(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

"(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

"(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

"SEC. 214. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"SEC. 215. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

"SEC. 216. The Administration shall make a report every six months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

"SEC. 217. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"SEC. 218. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this title.

"(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(c) The authority granted in subsection (b) shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

"(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

"Sec. 219. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

"(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title.

"Sec. 220. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) shall furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

"Sec. 221. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Govern-

ment-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"Sec. 222. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this title.

"Sec. 223. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the House agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

HOMER E. CAPEHART,
JOHN W. BRICKER,
WALLACE F. BENNETT,
PRESCOTT BUSH,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

TERMINATION DATES

The Senate bill provided for a 2-year extension of certain provisions of the Defense Production Act of 1950. The House amendment provided for a 1-year extension of some, but not all, of these provisions. The conference substitute provides for a 2-year extension of those provisions which the House amendment extended for 1 year. These provisions, which will terminate June 30, 1955, under the conference substitute, are sections 101, 102, and 103 of title I (which relate to priorities and allocation controls and hoarding); title III (which relates to expansion of productive capacity and supply); and title VII (which contains general provisions relating to the administration of the Act), except section 714. Section 714, which provides for the Small Defense Plants Administration, will terminate June 30, 1953. Its successor, the Small Business Administration created by title II of the House amendment and retained in the conference substitute, will be a permanent agency.

DEFINITION OF "NATIONAL DEFENSE"

The Senate bill amended the definition of "national defense," contained in section 702 (d) of the Defense Production Act of 1950, to read as follows: "The term 'national defense' means programs for military and atomic energy production or construction, military assistance to any foreign nation and stockpiling and directly related activity." The House amendment contained a substitute definition covering the activities and operations of the Armed Forces and the Atomic Energy Commission and other agencies certified by the Department of Defense as directly and substantially concerned with

the national defense, and operations and activities in connection with the Mutual Defense Assistance Act of 1949. The conference substitute contains the definition included in the Senate bill, with an amendment to make it clear that the phrase "directly related activity" applies to programs for military and atomic energy production or construction and military assistance to foreign nations, as well as to stockpiling.

INFORMATION OBTAINED BY OPS

The House amendment contained a provision, not included in the Senate bill, barring disclosure of certain information obtained by the Office of Price Stabilization, except to the Department of Justice, unless the President determines it is contrary to the interest of the national defense to withhold the information. The conference substitute includes this provision, with two amendments. The first amendment provides that such information may be disclosed to the Congress or any of its authorized committees. The second amendment makes it clear that such information, when disclosed to the Department of Justice, may be used by it to the extent it deems necessary in performing its functions.

PRODUCERS OF MINERALS AND METALS

It has been contended that the Small Defense Plants Administration would not consider producers of strategic and critical minerals and metals as small business concerns and therefore such producers were denied the assistance afforded to small business concerns under the provisions of section 714 of the Defense Production Act of 1950 which created the Small Defense Plants Administration. As a result section 10 of the bill as passed the Senate proposed to amend the definition of small business contained in section 714 (a) (1) of the Defense Production Act of 1950 as amended. To make it clear that the producers of strategic and critical minerals and metals were eligible for the assistance provided to small business under such section if such producers otherwise qualified as small business concerns a similar amendment was proposed to the definition of small business when the Small Business Act of 1953 was being considered in the House of Representatives. The amendment was withdrawn after full assurance was given by the Committee that such producers were as eligible as any other business so long as such producers were small business concerns. It was made clear in the discussion of this amendment in the House that a small business concern was not to be denied assistance merely because it was a producer of strategic minerals and metals. It was made clear that producers of minerals and metals other than strategic and critical were likewise eligible for the benefits so long as they were small business concerns.

The proposed change in the definition of a small business concern to specifically include producers of strategic and critical minerals was not retained in the conference substitute merely because by specifically naming certain businesses which were to be included as small business concerns it might be construed as eliminating other business concerns because they were not so specifically named. It is the unanimous opinion of the conferees that a producer of strategic and critical minerals and metals is as eligible for assistance under Title II of the conference substitute as any other business concern if it otherwise meets the criteria for a small business concern under the Act.

DISTRIBUTION OF MATERIALS TO SMALL BUSINESS

In view of the termination of the allocation of many materials for civilian purposes, it is the hope of the conferees that the producers of such materials will continue to distribute their supplies so as to assure

small users thereof sufficient quantities to meet their current requirements.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

COMMITTEE ON AGRICULTURE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a report on the bill H. R. 5659.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WIGGLESWORTH (at the request of Mr. COTTON), for 1 week, on account of illness.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. CLARDY in two instances and to include extraneous matter.

Mrs. ST. GEORGE in two instances and to include extraneous matter.

Mr. JACKSON and to include two articles.

Mr. HOSMER in two instances and to include extraneous matter.

Mr. DORN of New York.

Mr. ANGELL and to include extraneous matter.

Mr. KERSTEN of Wisconsin in five instances and to include extraneous matter.

Mr. SMITH of Wisconsin and to include a resolution by the Hollywood Post of the American Legion.

Mr. DAGUE in two instances and to include in each an editorial.

Mr. JAVITS in four instances and to include extraneous matter.

Mr. YORTY (at the request of Mr. PRICE) in five instances and to include extraneous matter.

Mr. PRICE and to include a letter from the legislative director of the American Legion.

Mr. JONES of Alabama and to include charts and letters in remarks he intends to make in Committee of the Whole on the bill, H. R. 5690.

Mr. RHODES of Pennsylvania and to include an editorial.

Mr. TRIMBLE and to include an editorial.

Mr. HOLTZMAN and to include an editorial.

Mr. LESINSKI and to include an editorial.

Mr. EDMONDSON and to include an editorial.

Mr. ADDONIZIO and to include a resolution.

Mr. SIEMINSKI in two instances and to include extraneous matter.

Mrs. KELLY of New York in two instances and to include extraneous matter.

Mr. LANTAFF in two instances and to include extraneous material.

Mr. FENTON and to include a Memorial Day address.

Mr. BEAMER and to include an editorial.

Mr. BOLAND and to include extraneous matter.

Mr. BATTLE and to include a resolution.

Mr. MCCORMACK in two instances and to include extraneous matter.

Mr. BUSHEY in two instances, to include two editorials from the South Town Economist of Chicago, and that the one of the later date follow immediately after the one of the earlier date.

Mr. CURTIS of Missouri and to include three articles.

Mr. JONAS of Illinois and to include extraneous matter.

Mr. HOFFMAN of Illinois (at the request of Mr. JONAS of Illinois) and to include extraneous matter.

Mr. CANFIELD and to include a letter.

Mr. SHEEHAN (at the request of Mr. ARENDS) in two instances and to include two articles.

Mr. RODINO (at the request of Mr. PRIEST).

Mr. KEOGH (at the request of Mr. PRIEST) and to include a magazine article.

Mr. KLEIN (at the request of Mr. PRIEST) and to include an address entitled "Ask United States Food Stocks for Famine Areas" which is estimated by the Public Printer to cost \$196.

Mr. KLEIN (at the request of Mr. PRIEST) in two instances and to include extraneous matter.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 4495. An act to amend the Universal Military Training and Service Act, as amended, so as to provide for special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes; and

H. R. 4730. An act to provide for the conveyance by the United States to the city of Cincinnati, Ohio, of certain lands formerly owned by that city.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 639. An act to provide for the abandonment of a certain part of the Federal project for the Broadkill River in Delaware; and

S. 1679. An act to repeal certain acts relating to cooperative agricultural extension work and to amend the Smith-Lever Act of May 9, 1914, to provide for cooperative agricultural extension work between the agricultural colleges in the several States, Territories, and possessions receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto, and the United States Department of Agriculture.

BILL PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 5174. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1954, and for other purposes.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 23 minutes p. m.) the House adjourned until tomorrow, Wednesday, June 17, 1953, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

777. Under clause 2 of rule XXIV, a letter from the Secretary of Commerce, transmitting a report on a case where an officer of the National Bureau of Standards created an obligation in excess of the amount permitted by regulations prescribed and approved pursuant to section 13 of Budget-Treasury Regulation No. 1, pursuant to section 3679 of the Revised Statutes, as amended, and section 15 (e) of Budget-Treasury Regulation No. 1, was taken from the Speaker's table and referred to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LECOMPTE: Committee on House Administration. House Resolution 288. Resolution authorizing the Clerk of the House of Representatives to permit the Administrator of General Services to make available certain records of the House of Representatives which have been transferred to the National Archives, without amendment (Rept. No. 562). Ordered to be printed.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 335. A bill to amend the mineral leasing laws in order to eliminate the waiver of rentals for oil and gas leases; without amendment (Rept. No. 563). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FORRESTER: Committee on the Judiciary. H. R. 948. A bill for the relief of William F. Thomas; without amendment (Rept. No. 564). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 2396. A bill for the relief of Harry Clay Maull, Jr.; without amendment (Rept. No. 565). Referred to the Committee of the Whole House.

Mr. MILLER of New York: Committee on the Judiciary. H. R. 3217. A bill for the re-

lief of Mrs. Florence D. Grimshaw; without amendment (Rept. No. 566). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 4104. A bill for the relief of Frank St. Charles; with amendment (Rept. No. 567). Referred to the Committee of the Whole House.

Mr. MILLER of New York: Committee on the Judiciary. H. R. 4958. A bill for the relief of the estate of Martin A. Gleason; without amendment (Rept. No. 568). Referred to the Committee of the Whole House.

Mr. CHIPERFIELD: Committee on Foreign Affairs. H. R. 5710. A bill to amend further the Mutual Security Act of 1951, as amended, and for other purposes; without amendment (Rept. No. 569). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. H. R. 5659. A bill to provide for the transfer of price-support wheat to Pakistan; with amendment (Rept. No. 570). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLCOTT: Committee of Conference. S. 1081. Defense Production Act Amendment of 1953. (Rept. No. 571). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BONIN:

H. R. 5773. A bill to provide for the refund, under certain conditions, of money paid as premiums on United States Government life insurance or national service life insurance which is canceled for fraud; to the Committee on Veterans' Affairs.

By Mr. BUDGE:

H. R. 5774. A bill relating to the repacking of Irish potatoes which have been introduced or delivered for introduction into interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. DEMPSEY:

H. R. 5775. A bill authorizing the transfer of certain property of the United States Government (in Bruns General Hospital area) to the State of New Mexico; to the Committee on Armed Services.

By Mr. EDMONDSON:

H. R. 5776. A bill to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla.; to the Committee on Veterans' Affairs.

By Mr. FRELINGHUYSEN:

H. R. 5777. A bill to eliminate the 4-percent gratuity on loans guaranteed under the Servicemen's Readjustment Act, as amended; to the Committee on Veterans' Affairs.

By Mr. JOHNSON:

H. R. 5778. A bill to equalize certain benefits between and among members of the Armed Forces of the United States, and for other purposes; to the Committee on Armed Services.

By Mr. KERSTEN of Wisconsin:

H. R. 5779. A bill to amend the Internal Revenue Code to provide that an individual taxpayer may deduct \$1,000 in dividend income received during the taxable year; to the Committee on Ways and Means.

By Mr. KING of California:

H. R. 5780. A bill to continue until the close of June 30, 1954, the suspension of duty on zinc scrap; to the Committee on Ways and Means.

By Mr. MILLER of California:

H. R. 5781. A bill to amend section 2 of the act approved February 20, 1931, relating to the construction, maintenance, and operation of the San Francisco Bay Bridge; to the Committee on Public Works.

By Mr. NORBLAD:

H. R. 5782. A bill to extend the excess-profits tax for 6 months; to the Committee on Ways and Means.

By Mr. STAGGERS:

H. R. 5783. A bill to provide a transcontinental superhighway with alternate sections; to the Committee on Public Works.

By Mr. WILSON of California:

H. R. 5784. A bill to amend section 6 of the act of August 24, 1912, as amended, with respect to the recognition of organizations of postal and Federal employees; to the Committee on Post Office and Civil Service.

By Mr. FERNÓS-ISERN:

H. R. 5785. A bill to exempt Puerto Rico from the requirements of the act of April 29, 1902, as amended, relating to the procurement of statistics of trade between the United States and its noncontiguous territory; to the Committee on Ways and Means.

By Mr. BATTLE:

H. Con. Res. 112. Concurrent resolution expressing the sense of the Congress that sessions of the General Assembly of the United Nations and sessions of other international organizations should open with prayer; to the Committee on Foreign Affairs.

By Mr. ROOSEVELT:

H. Con. Res. 113. Concurrent resolution expressing indignation of the Congress of the United States at the Chinese Communist regime for the arrest and incarceration of Donald Dixon and his 29 American compatriots; to the Committee on Foreign Affairs.

By Mr. BATTLE:

H. Res. 289. Resolution opposing the admission of Communist China to membership in the United Nations; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By Mr. SMITH of Wisconsin: Resolution approved by both chambers of the Wisconsin State Legislature memorializing the Congress of the United States to enact legislation providing for the withdrawal of the Federal Government from the field of gasoline taxes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HOEVEN:

H. R. 5786. A bill for the relief of Otsuka Yumiko; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 5787. A bill for the relief of Zacharie Keller Jaffe; to the Committee on the Judiciary.

H. R. 5788. A bill for the relief of Daniel and Riva Danielpour; to the Committee on the Judiciary.

By Mr. MORGAN:

H. R. 5789. A bill for the relief of Marietta DiLiberto (nee Bevacqua); to the Committee on the Judiciary.

By Mr. O'BRIEN of Michigan:

H. R. 5790. A bill for the relief of Frederick George Boughton; to the Committee on the Judiciary.

By Mr. OSMERS:

H. R. 5791. A bill for the relief of Michail Thomakos, Ruth Thomakos and Spiridoula Thomakos; to the Committee on the Judiciary.

By Mr. RODINO:

H. R. 5792. A bill for the relief of Julio Martinez-Lopez; to the Committee on the Judiciary.

By Mr. SMALL:

H. R. 5793. A bill for the relief of Louis F. Agnello (Luigi Flavio Agnello); to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

336. By Mr. CANFIELD: Resolutions adopted by the house of delegates of the Medical Society of New Jersey at the 187th annual meeting in Atlantic City, N. J., favoring an amendment to the Constitution providing that "the Government of the United States shall not engage in any business, professional, commercial, financial or industrial enterprise except as specified in the Constitution"; to the Committee on the Judiciary.

337. By the SPEAKER: Petition of Joe Shepard, Houston, Tex., relative to a redress of grievance relating to injuries and disability suffered in the course of his United States employment; to the Committee on the Judiciary.

338. Also, petition of Union of American Hebrew Congregations, New York, N. Y., relative to condemning those provisions of the McCarran-Walter immigration law that contain national origins quotas; to the Committee on the Judiciary.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 18, 1953
For actions of June 17, 1953
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HIGHLIGHTS: House debated 2nd independent offices appropriation bill. House Rules committee cleared wheat-for-Pakistan and mutual security bills. House agreed to conference report on economic controls bill. Senate committee ordered reported Interior appropriation bill.

HOUSE

1. FOREIGN AID. The Rules Committee reported a resolution providing for the consideration of H.R. 5659, to provide for the transfer of price-support wheat to Pakistan. This bill directs the Commodity Credit Corporation to make available to the President up to 1 million long tons of wheat (approximately 37 million bushels) to be transferred to the Government of Pakistan in order to alleviate starvation and famine conditions in Pakistan and to provide that country with some reserve supply of this important food grain. The wheat will come from stocks of the Commodity Credit Corporation acquired pursuant to price-support operations. The bill provides that no wheat shall be transferred to Pakistan until the United States and Pakistan have entered into an agreement as to its use and distribution. This agreement is to include the following provisions:

(1) Distribution of the wheat without discrimination among the people of Pakistan and without cost to those who, through no fault of their own are unable to purchase it; (2) full publicity to the assistance furnished by the people of the United States; (3) unrestricted observation of the distribution procedure by United States observers; (4) utilization of any local currency derived by Pakistan from the sale of donated wheat, in a manner agreed upon by the United States and the Government of Pakistan, for programs to increase food production in Pakistan and other projects of mutual interest to the two countries; (5) allocation of 5 percent of the local currency received for the use of the United States within Pakistan; and (6) the taking of all appropriate measures to reduce and prevent further relief needs. The bill also authorizes an appropriation for the purpose of making payment to the Commodity Credit Corporation for the wheat made available to Pakistan. The Corporation, however, is authorized to make the wheat available in advance of receiving payment therefor.

The Rules Committee reported a resolution providing for the consideration of H.R. 5710, the Mutual Security Agency authorization bill (p. 6963).

2. APPROPRIATIONS. Concluded debate on H.R. 5690, 2nd independent offices appropriation bill for 1954, but deferred final action until today, June 18 (pp. 6909-62).

Rejected the following amendments:

By Rep. Cooper, by 83-154, to increase funds by \$30 million for construction of a steam plant at the Fulton site, Tenn. (pp. 6911-26).

By Rep. Andrews, by 33-114, to delete language preventing the moving of TVA headquarters to Muscle Shoals, Alabama (pp. 6926-30).

By Rep. Jones (Alabama), by 46-101, to increase TVA funds by \$2,377,000 for resource development (pp. 6931-2).

The Appropriations Committee reported H.R. 5805, the legislative-judicial appropriation bill for 1954; and the Rules Committee reported a resolution for its consideration (H. Rept. 598) (p. 6971).

3. ECONOMIC CONTROLS. Agreed to the conference report on S. 1081, providing for temporary economic controls (pp. 6907-8). For provisions of the conference report see Digest 109.
4. RUBBER. The Armed Services Committee reported with amendment H.R. 5728, to authorize disposal of Government owned rubber-producing facilities (H. Rept. 593) (p. 6971).
5. WAR POWERS. Passed without amendment H.R. 2557, to extend title 2 of the First War Powers Act (contract authority of the President) through June 30, 1954 (pp. 6969-70).

SENATE

6. APPROPRIATIONS. The Appropriations Committee ordered reported (but did not actually report) with amendments H.R. 4828, Interior appropriation bill for 1954. The "Daily Digest" states: "As approved, the bill would provide for a total of \$451,256,940, an increase of \$45,126,597 over the House-passed figure of \$406,130,343." (p. D569.)

The Appropriations Subcommittee ordered reported to the full committee with amendments H.R. 5376, Army civil functions appropriation bill for 1954 (p. D569).

7. CONTRACTS. The "Daily Digest" states that the Government Operations Committee ordered reported as a committee amendment, an amendment to S. 690, to amend the Federal Property and Administrative Services of 1949 relating to lease-purchase agreements. "This amendment would provide for submission of lease-purchase agreements to the President of the Senate and Speaker of the House for reference to appropriate committees." (p. D570.)

ITEMS IN APPENDIX

8. FOREIGN TRADE. Extension of remarks by Rep. Sieminski discussing how high a tariff should be (p. A3720).

Extension of remarks by Rep. Pelly in favor of H.R. 5495, to extend the reciprocal trade agreements authority for 1 year (pp. A3728-29).

9. CATTLE INDUSTRY. Extension of remarks by Rep. Rogers (Tex.) stating that the small rancher and cattle farmer is in danger of "bankruptcy and annihilation" from falling cattle prices and an unprecedented draught, and inserting a petition on this subject (pp. A3720-21).



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Senate

The Senate was not in session today. Its next meeting will be held on Thursday, June 18, 1953, at 12 o'clock meridian.

House of Representatives

WEDNESDAY, JUNE 17, 1953

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we thank Thee for this new day with its infinite possibilities and wonderful opportunities.

Grant that we be calm and courageous as we find ourselves challenged by tasks which seem hopeless and by goals which seem far beyond our reach.

May we never allow our faith in Thee and in the triumph of righteousness to become eclipsed and our enthusiasm to become dulled and deadened by the devastating moods of doubt and despair.

Sustain us by Thy grace as we wait and watch patiently and prayerfully for the dawning of that glorious day when all our aspirations and labors for peace on earth and good will among men shall be crowned with the laurel of achievement and the diadem of Thy praise.

In Christ's name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 4233. An act to provide for the naturalization of persons serving in the Armed Forces of the United States after June 24, 1950; and

H. R. 5312. An act to provide for the more effective prevention, detection, and punishment of crime in the District of Columbia.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 152. An act for the relief of Fred P. Hines;

S. 1766. An act to establish the office of Commissioner of Refugees;

S. 2112. An act to provide for the transfer of price-support wheat to Pakistan;

S. J. Res. 72. Joint resolution to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines, to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes;

S. J. Res. 82. Joint resolution to provide for the reappointment of Robert V. Fleming as citizen regent of the Board of Regents of the Smithsonian Institution;

S. J. Res. 83. Joint resolution to provide for the appointment of Owen Josephus Roberts as a member of the Board of Regents of the Smithsonian Institution; and

S. J. Res. 88. Joint resolution to authorize the Secretary of Commerce to extend certain charter of vessels to citizens of the Republic of the Philippines, and for other purposes.

DEFENSE PRODUCTION ACT AMENDMENTS, 1953

Mr. WOLCOTT. Mr. Speaker, I call up the conference report on the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 16, 1953.)

[Mr. WOLCOTT addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Speaker, I voted for the bill when it passed the House,

I voted for the small-business bill, and I agreed to the conference report. However, there are some things in this legislation that disturb me.

Legislation is the result of compromise and concessions. One usually does not get all he wants. I think the ultimate purpose of the creation of the Small Business Administration is to let the Reconstruction Finance Corporation die at the expiration date.

The Reconstruction Finance Corporation was organized under the administration of Herbert Hoover. If there ever was legislation that illustrated the difference between the fundamental principles of Alexander Hamilton and Thomas Jefferson, of the Republican and Democratic Parties, it was that relating to the Reconstruction Finance Corporation.

The Corporation was organized at a time of peril to our institutions in the depth of the depression to bail out the banks, the insurance companies, and the railroads. No thought was given to small business at that time because the Republican theory was if we could reestablish the prosperity of the banks and insurance companies and railroads, enough of it would drip off and fall down on the plain men and women. In the succeeding administration when the Democrats gained control the Reconstruction Finance Corporation was authorized to make loans to small business. It has done it pretty well, I think, notwithstanding the fact that there have been some 5 percenters who have gotten credulous businessmen to employ them to obtain advantages or privileges which they could not deliver, and notwithstanding the fact that some girl may have obtained a mink coat. I have been reliably informed that the giver of the coat never obtained the loan for which he applied. These incidents in the light of the services rendered by the Recon-

struction Finance Corporation through the years are not material to the question of its extended existence.

I think the issue is plain. We have established the Small Business Administration now, and we have provided in the act after the date of its enactment the Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by it to the Small Business Administration. This will greatly reduce the activities of the Reconstruction Finance Corporation, as the great majority of its loans have been made to small business. The Reconstruction Finance Corporation will not expire until a year from now, on the 30th of June 1954. Unless this Small Business Administration does meet the needs of small business, the Reconstruction Finance Corporation should be continued. I think that is obvious. Shakespeare said, "The evil men do lives after them, but the good is oft interred with their bones." And that might be true of the Reconstruction Finance Corporation. When you speak of the criticisms that have been made of it, you must consider the good that it has done. Under Jesse Jones it was a fine organization that did a great public service, and whether we need it now or not will be determined by whether this Small Business Administration meets the needs for which it was organized. If it does not meet them, the Reconstruction Finance Corporation ought not to be executed without arraignment, without trial, and without a verdict. I just leave that thought with you. I hope sincerely that the Small Business Administration will do the work it was created to do. But the Small Business Administration is not in the hands of small business. It is in the hands of men whose associations of a lifetime have been with big business. It may be when they are stimulated and sobered by the great responsibility entrusted to them they will see that the purposes of this act are carried out. But if they do not do it, let us keep alive a corporation that has done a good job notwithstanding the criticisms that have been leveled against it, which are mostly immaterial and irrelevant to the question of its continued existence.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

ABOLISHING RFC

Mr. PATMAN. Mr. Speaker, if I had been acting solely as a Representative from the First Congressional District of Texas, I would not have signed the conference report because it contains the type of small business administration that I cannot really favor as a Congressman from the district I have the honor to represent. But as a manager on the part of the House of Representatives, and as one of the conferees on the part of the House, I felt obligated to sign the report because the House received practically everything that it wanted, which incidentally is what this gentleman from Texas opposed when it passed. The gentleman from Michigan [Mr. WOLCOTT] is to be congratulated for successfully steering and passing the bill through to completion in the manner and form that

the majority party in the House of Representatives would like to have it passed. It does not meet with my approval for several reasons. One is, the Small Business Administration is to take the place of the RFC. I am not in favor of eliminating the RFC. I think it serves a purpose that is too good and too useful for it to be put out of business.

Next is, the Small Business Administration as a tiny RFC; it will be a tiny RFC, and it will have entirely too little power to be worth a great deal to small business in this country.

Small business is not the only segment of our economy that needs attention from an agency like the RFC. The Small Business Administration under this report will be limited to \$100,000 on loans. That, of course, is insufficient in most instances, as the record in the past has proved.

Next is that the capital stock of the Corporation is entirely insufficient, not nearly large enough to take the place of the RFC.

There is one purpose that the RFC serves that the people, I believe, will eventually demand. They will demand to have some agency serve that purpose.

I happen to know about a small steel company in the Southwest that at one time could not get any assistance from the RFC, although their purpose was to make steel entirely for national defense. The banks in that area were not interested because they did not know anything about the steel business. They knew all about cattle, and they knew all about petroleum, and about cotton, and things of that kind. But they did not want to get interested in the steel business because they knew nothing about it.

So the local bankers caused our people to go right straight to New York to see if we could get a big bank there to finance a steel plant, and in the end we were confronted with the knowledge that we would have to convince the directors of the big bank up there, some of whom were interested in steel companies, and naturally they did not want any competition in the Southwest. We did not have a chance under the circumstances.

Then we went to the insurance companies. The insurance companies have a lot of money to loan in that way. We commenced at the bottom and finally worked our way up.

In both instances our proposition was feasible, it was practicable. There was no question but what it would make money and that it would be in the interest of the country; it would serve the national defense need. There was no question about that. Finally, we got to the top in New York and met with the same situation with the directors of the insurance company that we encountered with the bank, too many directors, directly or indirectly, who had good reasons of their own for not wanting our people to build a steel plant. So naturally we failed again. They did not want to permit a competing company in a section of the country where they did not want any competition for existing plants.

If it had not been for the RFC, we would not have that wonderful facility

today. So I think there is a great need to serve people in a local community who want to establish some industry, where the local bankers cannot take care of their needs, for various and sundry reasons.

There should be some place in the United States, through the use of the Government's credit, where credit cannot be obtained from any other source in the world, to which they can go and receive fair consideration on a proposal of that kind. The RFC is the only agency that gave them any hope that they would get consideration. It always had to be a good proposition.

For those reasons, I dislike very much to see the Small Business Administration adopted for the purpose of taking the place of the RFC. If it is to be strictly a small-business agency, that is a different thing; but for the admitted purpose of taking the place of the great RFC, I certainly do not look with favor upon it, and I hope the time will come when the Members of this House will view it differently, because I personally know, from experience I have had, that there is a great need for the RFC. It must be continued. It will go on; according to the law, for another year; it will not expire until June 30, 1954. During that time our experience will probably lead us one way or the other: one way, to the conclusion that it should be terminated; or the other, to the conclusion that it should be extended.

The SPEAKER. The time of the gentleman has expired.

The question is on agreeing to the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

EASTERN GERMAN RIOTS AND A LIBERATION PROGRAM

(Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. KERSTEN of Wisconsin. Mr. Speaker, the riots in Eastern Germany and elsewhere show that now is the time to put the pressure on the Communist slave empire and not be lulled by a Korean truce to give the Communists time to digest their gains.

To assure complete legislative cooperation with the President's program, stated at Mount Rushmore last week, of encouraging the "stress and strain within the ranks of the 800 millions in the Soviet world," I am today introducing a series of resolutions outlining an overall program to aid in the self-liberation of the peoples of the captive nations of Eastern Europe, Eastern Germany, and China.

Today's riots against the Communist government in East Berlin by many thousands of East Germans under the muzzles of Soviet guns are very significant.

These East German riots, the recent workers' riots in Pilsen, Czechoslovakia, the escape of Communist jet fighters, recent serious trouble in the Ukraine, voluntary surrenders of Red Chinese soldiers in Korea, and similar trouble and defections from Iron Curtain nations

Digest of CONGRESSIONAL PROCEEDINGS

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HIGHLIGHTS: Senate debated conference report on economic controls bill. Senate completed final congressional action on flammable fabrics bill. Senate committees reported mutual security and Interior appropriation bills. House passed 2nd independent offices appropriation bill. House debated mutual security bill.

HOUSE

1. APPROPRIATIONS. Passed, 394-2, with amendments H.R. 5690, the second independent offices appropriation bill for 1954 (pp. 7043-44).
2. FOREIGN AID. Concluded debate on H.R. 5710, the Mutual Security Agency authorization bill (pp. 7048-87). Rep. Chipenfield stated that reductions could be made in Point-4 by limiting its purpose to the sharing of technical skills (p. 7053).
Received an American Friends of the Middle East petition supporting the shipment of 1 million tons of wheat as a grant to Pakistan (p. 7093).
3. FLOOD CONTROL. Received reports on the Fryingpan-Arkansas project, Colo. (Interior Department), (H. Doc. 187), and on the feasibility of providing flood control protection on the Arkansas River at Enid, Okla. (H. Doc. 185), and on the Lower Mississippi at New Madrid, Missouri (H. Doc. 183) (p. 7092).

SENATE

4. ECONOMIC CONTROLS. Began debate on the conference report on S. 1081, providing for temporary economic controls, and agreed to vote on this report Mon., June 22 (pp. 6993-7005, 7008-16).
5. FLAMMABLE FABRICS. Passed without amendment H.R. 5069, to prohibit the introduction or movement in interstate commerce of articles of wearing apparel and fabrics which are so highly flammable as to be dangerous when worn (p. 6989). This bill will now be sent to the President.

6. MARGARINE. The Armed Services Committee reported without amendment S. 1806, to amend the Navy ration statute so as to authorize the serving of oleomargarine or margarine (S. Rept. 447) (p. 6974).
7. FOREIGN AID. The Armed Services Committee reported with amendments S. 2128, to continue the mutual security program for 1954 (S. Rept. 444) (p. 6974).
8. APPROPRIATIONS. The Appropriations Committee reported with amendments H.R. 4828 the Interior appropriation bill for 1954 (S. Rept. 445) (p. 6974).
9. PURCHASING. The Judiciary Committee reported with amendments S. 848, to prescribe policy and procedure in connection with construction contracts made by executive agencies (S. Rept. 448) (p. 6974).
10. SMALL BUSINESS; TAXATION. The Select Committee on Small Business submitted a report, "Tax Problems of Small Business" (S. Rept. 442) (pp. 6974-5).
11. PERSONNEL. Passed as reported S. 1684, to facilitate civil-service appointment of certain veterans (pp. 6990-1). This bill preserves and restores the eligibility for probational appointment of those who were on a civil-service register and eligible for probational appointment, and who lost opportunity for such appointment because of their service in the Armed Forces after June 30, 1950. It also provides that upon probational appointment, the veteran's rate of compensation, seniority rights, grade and time-in-grade, and within-grade step increases shall be based and determined as if he were appointed the date the lower ranking eligible was probationally appointed. It directs the CSC to place these veterans on an appropriate register with the same priority that is extended to World War II veterans. The veteran must have been discharged "under honorable conditions," be qualified for the duties of the position, and make application therefor within 90 days after his separation.

The Banking and Currency Committee reported with amendments S. 1458, to continue employee war-risk hazard and detention benefits until July 1, 1954 (p. 6974). The bill was then considered and passed over on Sen. Thye's objection (pp. 6991-92).
12. CREDIT UNION. Passed as reported S. 1665, to amend the Federal Credit Union Act (relating to payment of dividends to members) (p. 6985).
13. ELECTRIFICATION. Passed without amendment S. 2097, to increase the amount authorized to be appropriated for the construction of the Eklutna hydroelectric project, Alaska, from \$20,365,400 to \$33 million (pp. 6981-2).

Sen. Kefauver opposed the proposed execution of a contract between the Bonneville Power Admin. and private utility companies in the Northwest whereby power from the BPA would be distributed through nine companies, and inserted a statement opposing this contract from purchasers claiming 99% of all power purchases in this region (pp. 7033-9).
14. RESEARCH. Passed as reported S. 977, to amend the National Science Foundation Act to provide an "open-end" authorization (p. 6987).
15. HOUSING. Agreed to the committee amendments to S. 1993, to amend the National Housing Act and the Servicemen's Readjustment Act of 1944 with respect to maximum interest rates, and then passed over the bill (pp. 6982-83).
16. TREATIES. Agreed to a committee amendment in the nature of a substitute and then passed over S. J. Res. 1, proposing a constitutional amendment to limit the

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed a bill (H. R. 5690) making appropriations for additional independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1954, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 5690) making appropriations for additional independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1954, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

TEMPORARY ECONOMIC CONTROLS—CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, there is at the desk a privileged matter, which I ask the Chair to lay before the Senate.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. I assume it is the intention of the majority leader to move that the Senate proceed to the consideration of the conference report on the controls bill?

Mr. KNOWLAND. The minority leader is correct.

Mr. JOHNSON of Texas. It is my understanding that the parliamentary situation is such that the motion is not subject to debate.

Mr. KNOWLAND. The Senator is correct. That is why I am now yielding to him, so that he may make the observations which I understood he desired to make.

Mr. JOHNSON of Texas. Does not the acting majority leader, the Senator from California, think that, in fairness, the minority should have an opportunity to explain what the legislative situation really is, before the Senate proceeds to vote? Would the acting majority leader object to a unanimous consent request that the minority leader might proceed for 5 minutes?

Mr. KNOWLAND. No. Although the motion is not debatable, I ask unanimous consent that the minority leader may proceed for 5 minutes, to state his position and that of the minority.

Mr. JOHNSON of Texas. I understand that the motion has not yet been made and that, parliamentarywise, I could proceed for 5 minutes on some bill on the calendar. However, if there is no objection to the request, I merely wish to point out what the situation is.

Mr. KNOWLAND. The reason why I did not make the motion is that I had been informed in advance that the distinguished minority leader, recognizing that the motion was not debatable, desired some time. He asked for 5 minutes. Had he asked for 10 I would have yielded to him, because we are trying to

cooperate. That was the reason why I did not press the motion at the time I suggested that the conference report be laid before the Senate.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The Chief Clerk read the report.

(For text of conference report, see pp. 6901-6904 of House proceedings of CONGRESSIONAL RECORD for June 16, 1953.)

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. Mr. President, has action been taken on the unanimous consent request?

The VICE PRESIDENT. Without objection, the unanimous consent request is agreed to, and the Senator from Texas is recognized.

Mr. McCARRAN. Mr. President, I raise the point of order that when unanimous consent is given to call the calendar, that consent cannot be disturbed, even by a privileged motion.

Mr. KNOWLAND. Mr. President, speaking to the point of order raised by the Senator from Nevada—

Mr. JOHNSON of Texas. Mr. President, I hope the time taken for this discussion will not come out of my 5 minutes.

Mr. KNOWLAND. I ask that the time required for the discussion on the point of order not come out of the time of the distinguished minority leader.

On the question of the point of order raised by the distinguished Senator from Nevada, I believe the Senator is in error. A conference report is always in order, except during a period when the Senate is voting or when a motion to adjourn has been made. I believe it is perfectly proper that the Consent Calendar be interrupted for consideration of a conference report, which is of the highest privilege.

Mr. McCARRAN. It has always been my theory, and it is now, that unanimous consent, is unanimous consent, and cannot be set aside by unanimous consent. A privileged question certainly cannot set aside unanimous consent.

The VICE PRESIDENT. The Chair is informed by the Parliamentarian that the only agreement was that the Senate would proceed to the consideration of the calendar of bills to which there was no objection. So far as the unanimous-consent agreement was concerned, there was no agreement to proceed to the conclusion of the calendar. Under the circumstances, the conference report can be brought up for consideration at this time.

Mr. JOHNSON of Texas. Mr. President—

The VICE PRESIDENT. The Senator from Texas is recognized for 5 minutes.

Mr. JOHNSON of Texas. Mr. President, I would not ask the Senate to indulge me for even this brief period except for the fact that I believe there is involved a very serious question, namely, the question of the relationship between the majority and the minority. From that standpoint, I think the action just taken by the distinguished acting majority leader is very unfortunate.

Mr. President, I desire every Senator, before he answers the rollcall on the motion to consider the conference report, to know what he is voting for. I do not know what is in the conference report; I do not know how many Senators know what is in the conference report. I did not know that the conference report would be brought up.

On last Tuesday the distinguished acting majority leader made a statement to the Senate, which appears at page 6847, and reads as follows:

It is planned to take a recess from tonight until Thursday. On Thursday we will have a call of the calendar, and I hope that by Friday the printed hearings on the submerged lands measure will be available. If they are not available by Friday, we will take up miscellaneous and largely noncontroversial bills, and then go over until Monday.

The minority leader does not make the point that the distinguished acting majority leader gave any assurance that that would be the only business transacted, but I ask each Senator to turn to page 6847 of the RECORD, read that language, and see if he would not feel he would be justified in concluding that no controversial legislation would be brought up.

The conference report is so controversial that not one member of the minority would sign it. Why? That will be told to the Senate in detail during the debate on the merits of the proposition.

The acting majority leader told the Senate on Tuesday that he would move a recess of the Senate until Thursday; that on Thursday he would move a call of the calendar; that on Friday it was proposed to take up the submerged lands bill, but there would be no vote on it.

On Wednesday afternoon, at 5:20, he called my office. I was not present; I was in the House Chamber. This morning I called his office, and he was not present; he was attending a meeting of the Committee on Foreign Relations. However, the first information that the minority had that this controversial conference report would be brought up was at 5:20 yesterday afternoon.

I submit that if the majority of the Senate is going to legislate in that way, it is legislation by surprise; it is a patronage grab in the dark, without notice. It is legislation by steam roller.

I hope the day will never come, in connection with a measure so controversial as this—a conference report which none of the Democratic conferees would sign—when such a matter can be brought before the Senate, in the midst of a call of the calendar, by a motion which is not debatable. The only way the motion can be discussed is by virtue of the generosity of the acting majority leader in permitting us to have 5 minutes to explain our attitude on the report.

Mr. President, the conference report ought to go back to the conference committee. The conference report ought not to be adopted. However, that is not the question we are deciding now. The question is whether this procedure should be permitted. At 5 o'clock on Wednesday afternoon the membership

of the Senate is assured that the calendar will be called on Thursday, and that no votes will be had on Friday. Many Senators go to their respective States to fill engagements. Then the acting majority leader rises and says, "This is a privileged matter. We have our responsibilities. We are going to ram it down your throat."

I do not believe that a fair Senate, a just Senate, or any Senator who believes in fair treatment of his colleagues, will vote to proceed to the consideration of the conference report at this time.

Mr. President, I suggest the absence of a quorum.

Mr. KNOWLAND. Mr. President, will the Senator withhold his suggestion of the absence of a quorum so as to permit the acting majority leader to make a statement, in view of the statement made by the minority leader? I shall not require more than 5 minutes.

Mr. JOHNSON of Texas. Certainly.

Mr. KNOWLAND. Mr. President, I think the Senate is entitled to have all the facts in connection with this situation. The conference report is a privileged matter. I have carefully reread the statements made by the acting majority leader last Tuesday. There is nothing in them which, by the slightest implication, would indicate that no matter of controversy would be taken up in the Senate on Thursday.

We have the problem of completing our legislative program. I say that it is the duty of every Senator to be present in the Senate Chamber to transact business. All of us have engagements. I have had them myself. I have canceled many engagements in order to discharge my duties as a Senator.

The rules of the Senate provide that a conference report is a privileged matter. There is nothing in the statement of the acting majority leader on Tuesday which indicates that no matter of controversy would be considered on Thursday.

I invite the attention of Senators to the fact that there is an expiration date in connection with the Second War Powers Act. That date is the 30th of June. Next Monday will be the 22d day of June. If by chance the Senate should send the report back to the conference committee, the Second War Powers Act might expire, and we would suffer the loss of control of strategic materials, which the executive branch of the Government believes necessary for the security of the Nation.

Furthermore, I wish to point out that the conference report was considered yesterday in the House of Representatives. So far I know, it was considered without any advance notice, and by unanimous consent, including the consent of all the Democratic Members and the Democratic minority leader, as well as the Democratic members of the conference committee.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. I am sure the Senator from California wishes to give the Senate all the facts. Will not the Senator also tell the Senate that the

conference report is largely the House bill?

Mr. KNOWLAND. Yes. I assume that fact will be brought out in the explanation. I hope the time consumed by the question of the Senator from Texas will not be taken from my time.

I have read the debate in the House. If one looks at the CONGRESSIONAL RECORD of yesterday, on page 6969, he will see that the conference report was considered by unanimous consent. There was no objection. As soon as I received word that the House had acted by unanimous consent, immediately—within 5 minutes of that time—I personally attempted to get in contact with the distinguished minority leader. Our relationships have always been pleasant, and I intend to keep them pleasant. I immediately personally called him. He was not in his office. I instructed the Secretary of the Senate, acting for me, immediately to call the secretary of the minority, Mr. Johnston, and inform him what our program was. I was informed—and I believe I am correct—that at about 5:20 last night Mr. Johnston, the secretary of the minority, was able to get word to the distinguished minority leader.

I invite the attention of Members of the Senate to the fact that members of the minority are not foreclosed in the slightest degree, because once the procedure is taken to bring up for consideration the conference report, the report itself will be debatable. Members of the minority will not lose any of their rights in the presentation of their point of view. The distinguished Senator from Indiana [Mr. CAPEHART] will make a statement on behalf of the conferees. The conference report itself will be subject to debate, under the very broad rules of the Senate. There will be no limitation of debate on that subject, so members of the minority will not be foreclosed from a full, frank, and free discussion of their views. I certainly would object if there were any attempt to shut off discussion at any time. Members of the minority will have every opportunity to present their case.

This is a procedural matter. Acting on my responsibility as acting majority leader, I am trying to expedite the business of the Senate. Next week we shall have before us for consideration some very important legislation, including mutual-security legislation, the Interior Department appropriation bill, the submergible lands bill, and other measures. I am trying to expedite transaction of the business of the Senate, with the help of the Senate, so that we can get away at a reasonable time this summer.

I am merely asking that the Senate, in connection with a procedural matter, follow the motion of the majority leader to bring this question before the Senate. Then ample debate can be had.

I understand that the distinguished minority leader wished to suggest the absence of a quorum. As soon as a quorum is obtained, with the understanding that I shall not lose my right to the floor, I intend to make my motion.

Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	McCarran
Anderson	Hendrickson	McClellan
Barrett	Hennings	Millikin
Bennett	Hickenlooper	Monroney
Bush	Hill	Morse
Butler, Md.	Hoey	Mundt
Byrd	Holland	Neely
Capehart	Humphrey	Payne
Carlson	Hunt	Potter
Case	Jackson	Purtell
Clements	Jenner	Robertson
Cooper	Johnson, Colo.	Saltonstall
Cordon	Johnson, Tex.	Schoeppel
Daniel	Johnston, S. C.	Smathers
Douglas	Kefauver	Smith, Maine
Duff	Kennedy	Smith, N. J.
Dworshak	Kerr	Sparkman
Eastland	Kilgore	Stennis
Ellender	Knowland	Symington
Ferguson	Kuchel	Taft
Flanders	Langer	Thye
Frear	Lehman	Watkins
George	Long	Welker
Gillette	Malone	Williams
Goldwater	Mansfield	Young
Green	Martin	
Griswold	Maybank	

The VICE PRESIDENT. A quorum is present.

Mr. KNOWLAND. I move that the Senator proceed to the consideration of the conference report on Senate bill 1081.

The VICE PRESIDENT. The question is on the motion of the Senator from California that the Senate proceed to the consideration of the conference report.

Mr. KNOWLAND and Mr. JOHNSON of Texas requested the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JOHNSON of Texas. I understand the question before the Senate is whether the Senate will proceed to the consideration of the conference report. Senators who wish to have the conference report taken up will vote "yea"; Senators who do not wish to have the conference report taken up will vote "nay." Is that correct?

The VICE PRESIDENT. That is the question before the Senate.

The yeas and nays have been ordered and the Secretary will call the roll.

Mr. BUSH. Mr. President, will the Chair state the question again?

The VICE PRESIDENT. The question is on the motion of the Senator from California to proceed to the consideration of the conference report. The Secretary will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], and the Senator from New Hampshire [Mr. BRIDGES] are necessarily absent. If present and voting, the Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], and the Senator from New Hampshire [Mr. BRIDGES] would each vote "yea."

The Senator from Wisconsin [Mr. WILEY] and the Senator from Illinois [Mr. DIRKSEN] are absent on official business. If present and voting, the Senator from Wisconsin [Mr. WILEY]

and the Senator from Illinois [Mr. DIRKSEN] would each vote "yea."

The Senator from Wisconsin [Mr. McCARTHY] is unavoidably detained. If present and voting the Senator from Wisconsin [Mr. McCARTHY] would vote "yea."

The Senator from Nebraska [Mr. BUTLER] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate. If present and voting, the Senator from Nebraska [Mr. BUTLER] and the Senator from New Hampshire [Mr. TOBEY] would each vote "yea."

The Senator from New York [Mr. IVES], is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland. If present and voting the Senator from New York [Mr. IVES] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arizona [Mr. HAYDEN], and the Senator from Louisiana [Mr. LONG] are unavoidably detained.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senator from Tennessee [Mr. GORE], the Senator from Rhode Island [Mr. PASTORE], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland. I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], and the Senator from Rhode Island [Mr. PASTORE] would each vote "nay."

Mr. WELKER. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. The Senator from Idaho is recorded as having voted in the affirmative.

Mr. FERGUSON. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the affirmative.

Mr. BUTLER of Maryland. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the affirmative.

Mr. SCHOEPPPEL. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the affirmative.

Mr. HENDRICKSON. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the affirmative.

Mr. MAYBANK. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. DOUGLAS. Mr. President, may I inquire how I am recorded?

The VICE PRESIDENT. As voting in the negative.

Mr. KERR. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. HUMPHREY. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. JOHNSTON of South Carolina. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. MONRONEY. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. SMATHERS. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. HOLLAND. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. HENNINGS. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. EASTLAND. Mr. President, I inquire how I am recorded?

The VICE PRESIDENT. In the negative.

Mr. JOHNSTON of South Carolina. Mr. President, I ask for a recapitulation of the vote.

The VICE PRESIDENT. Will the Senator from South Carolina restate his request?

Mr. JOHNSTON of South Carolina. I ask for a recapitulation of the vote.

Mr. FERGUSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Michigan will state it.

Mr. FERGUSON. Can there be a recapitulation of the vote before the result is announced?

Mr. KNOWLAND. Mr. President, a point of order.

The VICE PRESIDENT. The Senator from California will state it.

Mr. KNOWLAND. Following the suggestion of the Senator from Michigan, I make the point of order that a recapitulation is not in order until the result of the vote has been announced.

Mr. JOHNSTON of South Carolina. Mr. President, I withdraw the request for a recapitulation.

The yeas and nays resulted, yeas 39, nays 39, as follows:

YEAS—39

Aiken	Flanders	Payne
Barrett	Goldwater	Potter
Bennett	Griswold	Purtell
Bush	Hendrickson	Saltonstall
Butler, Md.	Hickenlooper	Schoeppel
Capehart	Jenner	Smith, Maine
Carlson	Knowland	Smith, N. J.
Case	Kuchel	Taft
Cooper	Langer	Thye
Cordon	Malone	Watkins
Duff	Martin	Welker
Dworshak	Millikin	Williams
Ferguson	Mundt	Young

NAYS—39

Anderson	Ellender	Hill
Byrd	Frear	Hoey
Clements	George	Holland
Daniel	Gillette	Humphrey
Douglas	Green	Hunt
Eastland	Hennings	Jackson

Johnson, Colo.	Lehman	Morse
Johnson, Tex.	Magnuson	Neely
Johnston, S. C.	Mansfield	Robertson
Kefauver	Maybank	Smathers
Kennedy	McCarran	Sparkman
Kerr	McClellan	Stennis
Kilgore	Monroney	Symington

NOT VOTING—18

Beall	Fulbright	Murray
Bricker	Gore	Pastore
Bridges	Hayden	Russell
Butler, Nebr.	Ives	Smith, N. C.
Chavez	Long	Tobey
Dirksen	McCarthy	Wiley

The VICE PRESIDENT. On this vote the yeas are 39, and the nays are 39.

Under the Constitution, the President of the Senate, who has the right to vote in the case of a tie, casts his vote in the affirmative; and the motion to proceed to the consideration of the conference report is agreed to.

The question now is on agreeing to the report.

Mr. CAPEHART. Mr. President, the conferees met to resolve the differences between the House and Senate versions of Senate bill 1081.

Your conferees did their very best to retain the Senate version of the bill. However, when it became evident that the House conferees were just as determined to retain the features contained in the House version of the bill, it became necessary for the conferees to adopt a substitute for both the House and Senate versions.

Mr. LONG. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. For what purpose does the Senator from Louisiana request that I yield?

Mr. LONG. I was not able to be in the Chamber at the time of the taking of the last vote. I understand it was a tie vote, and I should like to move to have the vote reconsidered.

The VICE PRESIDENT. Does the Senator from Indiana yield for that purpose?

Mr. CAPEHART. Mr. President, I refuse to yield.

The VICE PRESIDENT. The Senator from Indiana declines to yield for that purpose.

Mr. LONG. Then, Mr. President, as soon as I can obtain recognition, I shall move to have the last vote reconsidered.

Mr. CAPEHART. Mr. President, as I have just stated, it became necessary for the conferees to adopt a substitute for both the House and the Senate versions of Senate bill 1081.

NINETY-DAY FREEZE

Section 16 of the Senate version would have added a new title VIII to the Defense Production Act to provide a 90-day standby price, wage, and residential rent-freeze authority. This title was deleted by the House Banking and Currency Committee. An effort to restore this title on the floor of the House was defeated by almost a 2-to-1 vote.

As the Senate knows, the Senate Banking and Currency Committee by a 12-to-3 vote reported favorably a bill containing a proposed title VIII which authorized the President to invoke a 90-day freeze in the event of a grave national emergency. The House Banking and Currency Committee failed by only

two votes to reinstate this title as reported by your committee.

Before passing Senate bill 1081, the Senate adopted several amendments to title VIII. One of these amendments required a declaration of war or concurrent resolution by both Houses of the Congress before the President could invoke the freeze authority. In view of this amendment, the managers on the part of the House were of the opinion that the effectiveness of the title was so restricted as to make it inadvisable to include the title in the conference report. Consequently, in view of the adamant attitude on the part of the House managers, the Senate conferees receded on this point.

CONSUMER AND CONSTRUCTION CREDIT CONTROLS

Section 7 of the Senate version of the bill, dealing with standby consumer credit and real estate construction credit controls, is tied into the freeze authority. It therefore became necessary for your conferees likewise to recede on this point.

Mr. FERGUSON. Mr. President, will the Senator yield for a question at this time? I must leave the Chamber presently to attend a meeting of the Committee on Appropriations, of which I am a member.

Mr. CAPEHART. I yield.

Mr. FERGUSON. I should like to ask the Senator from Indiana, as the chairman of the committee handling the bill and now in charge of the bill, a question in regard to section 701 (c) of the bill. Section 701 (c) sets forth certain criteria that the administrator must follow in the event materials are allocated in the civilian economy. I note that in section 101 (b), which restricts controls in the civilian economy, the phrase "control the general distribution of" is used, rather than "allocate," as in section 701 (c). I should like assurance from the chairman that whenever the controls are invoked in the civilian economy, whether it be controlled materials plan, usage controls, end-use limitations, unit restrictions, or others, it would be incumbent on the administrator to follow the criteria set forth in section 701 (c).

Mr. CAPEHART. The answer is "Yes."

Mr. FERGUSON. I thank the Senator.

Mr. CAPEHART. Section 13 of the Senate bill provides for continuation of the consumer defense plant administration to June 30, 1955. The House version allows the SDPA to terminate on June 30, 1953, except for liquidation purposes. In place of SDPA the House amendment establishes a new Small Business Administration as an independent and permanent agency. Expanded powers are included in the House amendment, to enable this active agency to serve the needs of small businesses in times of peace as well as in time of accelerated defense activity. I should like to emphasize that point. The new Small Business Administration which is created is given the right in time of peace as well as in time of war, to make loans.

Mr. MAYBANK. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. MAYBANK. In other words, the distinguished chairman of the committee, who so ably handled the Senate bill will agree that as between that bill and the House substitute, the Senate conferees did not get very far.

Mr. CAPEHART. The record speaks for itself. The Senate conferees agreed with the House conferees as to the House version.

Mr. MAYBANK. That is, the majority of the Senate conferees agreed.

Mr. CAPEHART. Yes; the majority agreed.

Mr. MAYBANK. The Senator speaks of the new Small Business Administration. I am glad the Senator made the statement he did, that it is a permanent organization, not connected with any war effort. Is that correct?

Mr. CAPEHART. That is correct. It is a permanent organization.

Mr. MAYBANK. There is an authorization of \$250 million unconnected with the production act, and unconnected with any war emergency, is there not?

Mr. CAPEHART. I think \$100 million is connected with the war effort.

Mr. MAYBANK. The Small Business Administration can do with the \$100 million as it desires, can it not?

Mr. CAPEHART. That is correct.

Mr. MAYBANK. Is the Senator from Indiana able to advise the Senate who will have charge of that fund? I know how Senators felt on the subject, since the Senate committee originally approved an extension of the Small Defense Plants Administration for 1 year, upon the request of Mr. Flemming, who stated that he represented President Eisenhower. I asked Mr. Flemming, before the committee, "Do you represent the administration?" He replied that he did.

Mr. CAPEHART. I will come to that a little later.

Mr. MAYBANK. I am sorry I interrupted the distinguished Senator.

Mr. CAPEHART. No; that is perfectly all right.

Mr. MAYBANK. I know how hard the Senator has worked on this matter, and I know how hard he worked on the Senate bill. I should like to say, if the Senator will yield to me further—

Mr. CAPEHART. I yield.

Mr. MAYBANK. That last night on a television network from Philadelphia, Mr. B. M. Baruch made a statement in which, in substance, he commended the Senate committee for what it did. He said, "How wrong we were to leave everything wide open, with the world on fire." He did not speak of the \$250 million for the Small Business Administration. That has nothing to do with the war, but it is a permanent organization. I ask the chairman, were any extensive hearings held in regard to it?

Mr. CAPEHART. We held hearings for several days on the Byrd bill to dissolve the Reconstruction Finance Corporation, as well as on several other bills—seven, as I recall—to create small-business agencies. I believe there were two bills introduced by the Senator from Alabama [Mr. SPARKMAN], one introduced by the Senator from Virginia

[Mr. ROBERTSON], and, I think one or two introduced by the able Senator from Illinois [Mr. DOUGLAS]. There was also one introduced by the Senator from Minnesota [Mr. THYE].

Mr. MAYBANK. I merely wanted the RECORD clear. The distinguished chairman knows of my appreciation of his efforts in connection with the subject which, with the efforts of other Senators, resulted in reporting the Senate bill. We had no hearings, I may say, or at least no hearings of consequence, so far as small business was concerned, and merely wrote certain provisions into the measure. I believe the Senator will agree with me about that.

Mr. CAPEHART. In all fairness, I would have to say the Senate Committee on Banking and Currency conducted hearings for a few days on a bill introduced by the Senator from Virginia [Mr. BYRD], proposing to dissolve the RFC, and on 6 or 7 other bills.

Mr. MAYBANK. There were seven bills.

Mr. CAPEHART. One of the bills, that introduced by the Senator from Minnesota [Mr. THYE], was exactly the same as a bill introduced in the other body and made a part of the pending legislation by the House.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Is it not true that the Committee on Banking and Currency came to no conclusion about the respective merits of the various bills?

Mr. CAPEHART. That is correct.

Mr. DOUGLAS. Was it not the feeling that this subject should be handled as separate legislation rather than being tacked on as a rider to the defense production bill?

Mr. CAPEHART. I think the best answer to that is, that we did not add any of the bills to the Defense Production Act. However, I want to say that the chairman of the Senate Committee on Banking and Currency, who was also the chairman of the Senate conferees, in private conferences with conferees on the part of the House, as well as with other Members of the House, developed the fact that the House, on two previous occasions, had passed the particular legislation which is now in controversy. It was first passed as a separate measure, in the Hill bill, and then was passed again by writing it into the Defense Production bill.

It was impossible for the conferees to get them to recede, because the House had passed this particular bill twice, once as separate legislation, and once as a part and parcel of the Defense Production bill.

Mr. DOUGLAS. Would the Senator from Indiana, with his customary sincerity and frankness, therefore, say that he yielded unwillingly to the obstinacy of the House conferees and was really pressured by force majeure in accepting something which was inately distasteful to his nature?

Mr. CAPEHART. As one of the managers of the conference for the Senate, I did my very, very best to get the House conferees and the Members of the House

to recede. We were instructed to do that. But I always know when I am liked.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana further yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Would not the Senator welcome reinforcement from this side of the aisle, so that he might turn defeat into victory?

Mr. CAPEHART. I will not admit that. I will say to the able Senator from Illinois, that I feel the conferees did all they could do under the circumstances. The House had on two occasions passed the proposed legislation, and the best we could do was to agree to the conference report and bring it back for a vote of the entire Senate. I hope that within not to exceed an hour the Senate will either concur with the majority of the Senate conferees or instruct them to go back for a further conference. That is the Senate's privilege. My best judgment is that inasmuch as the House has passed this proposed legislation on two occasions, that body is not going to recede even though we ask for a further conference.

Mr. MONRONEY. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MONRONEY. Will the distinguished Senator from Indiana advise the Senate whether the bill has the approval of the Bureau of the Budget?

Mr. CAPEHART. Yes; it has. I am reliably so informed. We have been informed that it has the approval of the President and of the Bureau of the Budget.

Mr. MONRONEY. When was the approval submitted? Was it during the hearings in the House committee?

Mr. CAPEHART. It must have been. I am certain of that. I shall read what the Assistant Secretary of Commerce had to say before the Senate Banking and Currency Committee when we were considering the so-called Thye bill, which is exactly the same as the bill we are discussing. Here is what he said:

Authority to make loans to small business under certain safeguards should continue. This function should be located in the Small Defense Plants Administration, or successor agency, subject to general policy direction of a policy board including among its members the Secretaries of Treasury and Commerce. This authority would appear to lapse upon the enactment of S. 892, unless provision is made for its continuance.

Mr. MONRONEY. But he did not endorse the language of the bill which is now before the Senate.

Mr. CAPEHART. That statement did not particularly do so.

Mr. MONRONEY. When the bill was in the Senate, the Senate committee did not have a letter from the Bureau of the Budget on the particular bill which the Senate is now asked blindly to accept.

Mr. CAPEHART. Here is what Mr. Sheaffer further stated. I asked this question:

The CHAIRMAN. Are you familiar with the bill that the House Banking and Currency Committee reported favorably a couple of days ago to the floor of the House?

Mr. SHEAFFER. That is the bill similar to S. 1523?

The CHAIRMAN. Did you testify in respect to that bill?

Mr. SHEAFFER. Yes, sir.

The CHAIRMAN. That is the so-called administration bill; is it?

Mr. SHEAFFER. I believe that represents the thinking of the administration. * * *

The CHAIRMAN. Then you recommend the dissolution of the RFC, and the setting up of a new agency?

Mr. SHEAFFER. Yes, sir. * * *

Senator BRICKER. What will be the functions of this new organization?

Mr. SHEAFFER. The general functions would compare, to a degree, with the functions as now exercised by SDPA, with this exception: It will go into the servicing of small business on a peacetime basis, rather than maintaining strictly the procurement functions which principally motivated the SDPA.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I shall be very happy to yield.

Mr. SPARKMAN. As a matter of fact, I should like to point out a discrepancy. First, I ask the distinguished Senator if it is not a fact that the Thye bill and the Hill bill, which were somewhat similar—

Mr. CAPEHART. I think they were almost identical.

Mr. SPARKMAN. They were almost identical to start with. It was those bills to which the Bureau of the Budget had given clearance, but somewhere along the way in the House committee a very significant amendment was added which changed entirely the make-up of the Small Business Administration by taking the policymaking power out of the hands of the Administrator and vesting it in the Secretary of the Treasury, the Secretary of Commerce, and the Administrator. But the Administrator is not even chairman of that group. That is a very significant change, and it is a change against which the small-business men of the country are violently protesting.

Mr. CAPEHART. I think the able Senator has made a correct statement, but I do not know why the small businessmen of the Nation should be opposed to it.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Is it not a fact that the bill which was originally reported by the Banking and Currency Committee of the Senate was passed in committee by a vote of either 12 to 3 or 13 to 2?

Mr. CAPEHART. I think the vote was 12 to 3.

Mr. LEHMAN. Is it not a fact that the bill which is now before the Senate as a result of the conference report is completely different from the bill which was recommended by the committee which the distinguished Senator from Indiana heads as chairman and on which I have the honor of serving as a member?

Mr. CAPEHART. Of course the bill reported to the Senate was somewhat emasculated on the floor of the Senate before it went to the House. The House made many changes in it, including the

elimination of the Small Defense Plant Administration and establishing a Small Business Administration to which they gave all the authority and the power which the Small Defense Plant Administration has had in the past, plus the fact that they gave the right to make loans up to \$100,000, and made it a piece of permanent legislation.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield for another question?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Is it not a fact that in the many hearings of the Banking and Currency Committee which extended over a period of several weeks, at least, the main concern of many members of the committee was to protect the interests of small businesses and to make it possible for them to get loans on equitable terms up to a reasonable amount, which, according to my recollection, was \$100,000? Therefore, they established an independent agency under the supervision and administration of an administrator. Now, we have a bill containing a proposal which would completely vitiate the very purpose which the members of the committee—and, I believe, the great majority of the Members of the Senate—had in mind. There is nothing in this bill which in any way safeguards the interests of small-business men or makes it possible for them to maintain their position, to get working capital and expansion capital where it is necessary to do so, particularly in the case of defense contracts.

Mr. President, in my opinion, this is a step backward. It is something about which we should all be very deeply aggrieved. It is so different from what we on the committee were voting for conscientiously. When I say "we," I am pleased to include wholeheartedly the distinguished chairman of the committee. Yet, Mr. President, we find that this conference report completely vitiates what we were trying to do and kicks small business in the face. It does not give small business a chance. I, for one, simply cannot see it.

Mr. CAPEHART. Mr. President, I shall have to disagree with the able Senator from New York. The bill which is now before the Senate is good legislation, so far as small business is concerned. As the able Senator from New York knows, 2 years ago, or longer ago than that, Congress established what was known as the Small Defense Plants Administration, and the Senator is familiar, as are other Senators, with its operations. The weakness of the Small Defense Plants Administration was that it could not make direct loans to small-business concerns. All it could do in respect to such loans was to recommend them to RFC, but it had no authority to force RFC to make any loans. We had testimony to the effect that they made a number of recommendations to RFC, but that RFC refused to make the loans.

The bill before the Senate retains every good feature of the old Small Defense Plants Administration. It does not change by one iota the authority of the Small Defense Plants Administra-

tion. It keeps all the virtues which that Administration had, but it makes one addition, which I think is very important: It gives to the Small Business Administration the right to make loans up to \$100,000 to any small-business man in the United States, whether in peacetime or in wartime.

So it cannot be said that the bill is not a good one for small business because it is. It gives the Small Business Administration the right to lend up to \$100,000 to any small-business man in the United States. It is a good bill because it lodges in the Small Business Administration, a new agency, the right to make direct loans up to \$100,000.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Instead of the administration being in the hands of an administrator, as provided in the Senate bill, the pending bill provides as follows:

There is hereby created the Small Business Advisory Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Secretary of the Treasury, as Chairman; the Secretary of Commerce; and the Administrator.

We know that the Secretary of Commerce has already declared himself as being less than enthusiastic about the Small Business Administration.

Mr. CAPEHART. I think the Senator might well be wrong in that instance, because this provision, which is really the Hill bill or the Thye bill, as introduced in the Senate, was written by Mr. Sheaffer, Under Secretary of Commerce. He really wrote the bill.

Mr. LEHMAN. But I do not know that Mr. Sheaffer or the Secretary of Commerce has shown any particular enthusiasm for small-business plants.

Mr. CAPEHART. They wrote the bill, and they were the first sponsors of the proposed legislation.

Mr. LEHMAN. Among the powers which are given to the Small Business Administration is the power to grant or deny financial assistance. In other words, the Small Business Advisory Board, all ex officio, and none of them except the Administrator being really interested in the problem, have a right to deny any loan that may be sought by small business.

Mr. CAPEHART. The able Senator from New York is pointing out that under the old Small Defense Plants Administration, the Administrator himself was the chief executive officer; no one was over him. He did not even have an advisory group. In the proposed legislation, now under consideration, we have given the Small Business Administration, to use the new name, the right to lend up to \$100,000. The proposed legislation would establish an advisory group, which would act only in an advisory capacity on general policies. The Secretary of the Treasury would be a member of that board, as also would be the Secretary of Commerce and the Administrator. The Secretary of the Treasury would be Chairman of the Board.

I presume that the objection of the able Senator from New York is that he feels that a board composed of the Sec-

retary of the Treasury, the Secretary of Commerce, and the Administrator would result in the Cabinet officers outvoting the Administrator, and there would not be the independence the Senator would wish to see in such an agency.

Mr. LEHMAN. There would be complete veto power.

Mr. CAPEHART. Yes. I presumed that that was the Senator's position. I am not fearful of what he anticipates. I rather think that with respect to the affairs of any lending agency the Secretary of the Treasury, who is responsible for the money of the Government of the United States, ought to have something to say. He ought to know what is going on. He ought to be part and parcel of any advisory group that has to do with the spending of any sums of Government money.

The primary purpose of the House provision establishing a Small Business Administration is to consolidate and centralize small business programs in a single, permanent, independent agency with adequate powers to enable small business to make its maximum contribution to the economy. This will result in avoiding a duplication of functions, and waste of effort and expense on the part of the Federal Government. In order to accomplish these objectives, the Small Business Administration is empowered to make loans to small business; to enter into Government procurement contracts to be sublet to small business; to certify to Government procurement officers as to the capacity and credit of small business concerns; to undertake specific procurement contracts; and to provide technical and managerial aids to small business.

Moreover, the Small Business Administration is empowered to make an inventory of the productive facilities of small business useful for defense production. It will encourage the letting of subcontracts to small business by Government prime contractors. It will make recommendations to appropriate Federal agencies to insure that a fair and equitable share of materials goes to small business. And it will result in co-operation with Government procurement officials in order to attain the full use of the productive capacity of small business.

Senators will recognize, from the description of the authority and functions of the Small Business Administration, that in general these adhere closely to the authority and functions now possessed by the Small Defense Plants Administration. It will be recalled that the statutory authority for SDPA was first adopted by the Senate itself in 1951. Later, the same general provisions were approved by the House.

Speaking now in terms of the Defense Production Act of 1951, in 1951 the Senate included in its bill the title "Small Defense Plants Administration." That title was in the Senate bill which went to conference with the House. There was no such provision in the House bill, but the Senate included the Small Defense Plants Administration in its bill.

In the conference with the House, the House accepted the Small Defense Plants

Administration feature of the Defense production bill. In other words, in that instance the case was somewhat reversed. The House accepted what the Senate had included in its bill with respect to small business. The House bill contained no provision with respect to small business. This time the House has eliminated the Senate provision for a Small Defense Plants Administration and has substituted a new agency, to be known as the Small Business Administration.

We are familiar with the activities of SDPA during the past 2 years. We are also aware that SDPA is a temporary agency whose powers are limited to encouraging small business to participate fully in the defense effort. It has no authority to encourage the maximum contribution of small business to the overall national economy. The conference report gives these additional needed powers to the Small Business Administration.

In order to centralize in one agency adequate powers to assist small business, the conference report gives the Small Business Administration authority to lend money to small business concerns for proper purposes when they are unable to obtain such funds from private financial institutions, either on a direct or participating basis. A limitation of \$100,000, representing the Small Business Administration's share of a loan to a single borrower, is contained in the lending authority. This would appear to be an ample limit for the vast majority of small-business concerns. From the inception of RFC in 1932 through March 31, 1953, that agency has made 63,300 business loans. Ninety percent of these loans were in amounts of \$100,000 or less.

It should be kept in mind that the Small Business Administration, which is given power to lend to small business, is limited in any individual loan to not more than \$100,000.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. What does the committee plan to do with the RFC in connection with loans in excess of \$100,000?

Mr. CAPEHART. That is a question which the Congress itself will have to decide. We have before us at the moment in the Senate Committee on Banking and Currency a bill to dissolve the RFC. So far the committee has taken no action on that bill. We have held hearings, but we have taken no action.

Mr. WILLIAMS. Mr. President, will the Senator further yield?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. Is it not a fact that approximately 90 percent of all the money which has been loaned in recent months has gone to business which has been identified as large business?

Mr. CAPEHART. I do not have the facts before me, and I have no positive information, but I think the Senator is correct.

Mr. WILLIAMS. If we are to restrict this program merely to small business loans, there is no need for continuing two lending agencies, is there?

Mr. CAPEHART. That is a matter for Congress to decide. I would hope that we would wind up with one. Certainly we do not need two.

Mr. WILLIAMS. Mr. President, will the Senator further yield?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. Does not the Senator think it would have been much better if, at the same time we established the new agency, we had killed the old one?

Mr. CAPEHART. The testimony before the Committee on Banking and Currency, from Mr. Humphrey, the Secretary of the Treasury, from the Secretary of Commerce, and from the head of the RFC, Mr. Cravens, and others, was to the effect that they were perfectly willing that the RFC be dissolved, provided some other agency were established to take care of small business. I do not think we have any testimony from any governmental witness to the effect that the RFC ought to be eliminated without some other agency being established to take its place.

Mr. WILLIAMS. Practically all the testimony which has been given in behalf of one of these agencies has been offered in the name of the small-business man. However, at the same time, the benefits have gone to the large-business man. The small-business man has been used as window dressing.

Mr. CAPEHART. The records show that since RFC was created in 1932, through March 31, 1953, 63,300 business loans were made. Ninety percent of them were in amounts of \$100,000 or less.

Mr. WILLIAMS. How does the comparison stand if it is made in terms of dollar amounts?

Mr. CAPEHART. I suspect that on the basis of dollar amounts, the 10 percent of loans made to large business would be greater, in dollars, than the 90 percent of loans made to small business.

Mr. WILLIAMS. Does not the Senator believe that if the percentages were based upon the dollar value, they would be reversed, and that 90 percent of the dollar value would have gone to big business?

Mr. CAPEHART. I think we would both be guessing if we were to say "Yes" in answer to that question. However, there is no question that, in terms of numbers of dollars, the amount of loans to large businesses far exceeds the amount of loans to small business.

Mr. WILLIAMS. Let me say to the Senator from Virginia that I am not guessing as to the results of the past 15 months, because I have a report, from which I intend to read later, which shows that during the period in which Mr. McDonald was Administrator, more than 89 percent of all the money that was loaned went to businesses which were clearly identified as large businesses. I refer to loans of more than \$100,000. More than 89 percent of all the money that was loaned during the 15-months' period went to large business.

I point out that during Mr. McDonald's term of office only about \$35 million, in the entire 15-months' period, was loaned to small business.

The bill pending provides for an appropriation of \$250 million for a 2-year period, as I understand.

Mr. CAPEHART. It would be a 1-year period. The fund would be a revolving fund. The language of the bill provides that there shall be appropriated not to exceed \$250 million, which shall be a revolving fund. In other words, there could not be outstanding at any one time more than \$250 million in loans.

Mr. WILLIAMS. As I understand, the proposed agency is to be established for 1 year. Is that correct?

Mr. CAPEHART. No. It will be permanent.

Mr. WILLIAMS. The \$250 million would last, perhaps, for 8 years, at the rate at which loans are being made.

Mr. CAPEHART. I do not have any figures on that subject. I do not know. However, this is permanent legislation. I want to be fair with the Senator.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. THYE. I had introduced a bill to create such Small Business Administration, which would take over the functions of the Small Defense Plants Administration. One question which concerns me very much is this: On page 5 of the conference report I find the following language:

(d) There is hereby created the Small Business Advisory Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Small Business Advisory Board with respect to any matter or matters.

I find that the Secretary of the Treasury is to be the Chairman of the Board. I believe that it would be far more advisable, from an administrative standpoint, and from the standpoint of prestige of the Small Business Administration, if the Administrator of the Small Business Administration were the Chairman of the Board, because that is his field. The Secretary of the Treasury has his field. That question concerns me very much.

The other point I wish to make is that any member of the Board may appoint someone else to represent him. So it is not a matter of having the Secretary of the Treasury and the Secretary of Commerce, whom we definitely know to be friendly to small business, as members of the Board. A Board member may designate someone else within his Department to represent him, someone with whom we are not acquainted and who might not be so acceptable to small business as the Secretary of the Treasury or the Secretary of Commerce.

Mr. CAPEHART. No one can be designated unless he has previously been confirmed by the Senate. In other words, the one designated would have to be an Under Secretary or Assistant Secretary, whose nomination had previously been confirmed by the Senate. Therefore we would know who he was.

Mr. THYE. I will agree that we would know who he was, in name, but we would not know him as we know the Secretary of the Treasury or the Secretary of Commerce. It seems to me that this agency might well have had as its chairman the Administrator of the Small Business Administration. In that respect the conference report differs somewhat from the provisions of the bill which I had introduced.

I was somewhat encouraged when the Senator from Indiana answered the Senator from Delaware [Mr. WILLIAMS] to the effect that the Small Business Administration is to be given permanent status. It is proposed that it shall extend beyond the life of the act which is being amended, namely, the Defense Production Act. The Defense Production Act is extended for a limited time.

Mr. CAPEHART. It is extended for 2 years.

Mr. THYE. However, the Small Business Administration will continue indefinitely, unless action is taken by Congress to abolish it.

Mr. CAPEHART. Title II of the bill we are considering is permanent legislation. The agency will continue until the act is repealed by the Congress. The bill calls for an appropriation of \$250 million, which will be used as a revolving fund. From time to time the Congress can increase that amount or decrease it. However, the legislation is permanent.

Mr. THYE. We can foresee that the Administrator of this agency is to be so restricted in his administrative function that he will not even be privileged to make any move unless he consults the other two members of the Board.

Mr. CAPEHART. I cannot answer that question. The Senator's judgment is as good as mine. The House wrote this language. The Senate conferees accepted the language. There is no way of amending a conference report, as the Senator knows. We must either take the language or send the bill back to the conferees for further conference.

Mr. THYE. On all conference committees on which I have served, except with respect to items which were identical in the two bills, all matter concerning which there was a difference between the two bills would be subject to change. In such cases conference committees on which I have served have changed not only figures with respect to appropriations, but have changed language also.

Mr. CAPEHART. That is correct.

Mr. THYE. Certainly the Senator from Indiana does not intend to say that the Senate conferees had to accept what the House had provided. If that be the case, we should not consider the conference report, but vote to return it to the conference committee. Instead we should keep in mind what the Senate did in passing the proposed legislation.

Mr. CAPEHART. I believe the Senator from Minnesota misunderstood what I said. Perhaps I did not make myself clear. What I intended to say was we cannot amend the language in the conference report. The Senator from Minnesota knows we cannot amend the conference report. The conferees

might have amended it, but they did not do it.

Mr. THYE. That is what I wanted to call to the attention of the Senator from Indiana when I understood him to say we could not change the report. If the chairman of the committee could not change it in conference, there is something strange and unusual going on, because I have seen the chairman act otherwise under similar circumstances in conference.

Mr. CAPEHART. Evidently I misunderstood the Senator from Minnesota, or he misunderstood me. What I thought he was suggesting was that we change the language in the conference report on the floor of the Senate.

Mr. THYE. Oh, Mr. President, we all know we cannot do that.

Mr. CAPEHART. We might have changed it previously; yes.

Mr. THYE. All we can do is vote to have it recommitted to the conference committee or accept it.

Mr. CAPEHART. The House had drawn up its version. The Senator from Minnesota is objecting to the fact that the Secretary of the Treasury would be the chairman of the advisory group, and the Senator is fearful that he will dominate the Administrator. Is that correct?

Mr. THYE. The Administrator is named by the President, and he heads the Small Business Administration. In determining policies, he would have only 1 voice against 2 other voices from 2 other Federal agencies. He would not be the chairman. Therefore, I am concerned that the Small Business Administrator will be at the command of and under the orders of two other Government departments, instead of being at the head of an independent Small Business Administration.

Mr. CAPEHART. In all fairness to the Senator from Minnesota and other Senators, I may say it could work that way. On the other hand, a chairman could also mismanage the new agency. It is a question of whom we would trust and in whom we would have confidence. When creating such an agency as this we must hope that the persons who are appointed to administer it will do the honorable and right thing. It is a question of whether we would have more confidence in the administrator acting as the chairman or the Secretary of the Treasury acting as the chairman.

Mr. THYE. When the Small Defense Plants Administration was conceived and first organized—and the same thought applies to the proposed reorganization—it was naturally felt when an administrator was selected he was selected on the basis of his background and understanding in the field of small business. However, if the person who is appointed by the President to be the administrator of the Small Business Administration is not privileged to serve as chairman, then he must answer entirely to the other 2 members who are serving with him, and those 2 other members are not primarily selected to represent small business. That is the concern I have in studying the conference report.

I know the problems confronting the Select Committee on Small Business, and I know that the committee gave a great

deal of study to this question prior to the introduction of the bill. I appeared before the committee headed by the distinguished Senator from Indiana in support of the bill which I had introduced. I had hoped that the bill could be acted on by the committee and reported to the Senate so that it could come before the Senate on its own merits, instead of being written into a conference report, as has now been done, which we are forced to accept without modification or amendment or send it back to conference.

Mr. CAPEHART. The Senator is correct.

Mr. THYE. Therefore, I am concerned about it. I am trying to make certain that we develop a legislative history, so the record will show specifically the intent of Congress with reference to the Administrator of the Small Business Administration.

Mr. CAPEHART. Mr. President, let me say at this point that the purpose of a conference is to have the conferees of the two Houses do the best they can in an effort to try to get together and report back to the two Houses. The House conferees reported back to the House, and the House approved their action. We are reporting back to the Senate. If Senators feel that there are points in the pending legislation which ought to be further clarified, all they need to do is vote to recommit the report to conference, and we will do the best we can on a reconsideration of the report. If we cannot satisfy the Senate on the second conference, we will try a third time.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. What would be the situation, in the Senator's judgment, if the 30th day of June came and went without legislation having been passed? Could the Senator give his opinion on that subject for the RECORD?

Mr. CAPEHART. I was going to say that the purpose of the conference and of submitting the conference report to the respective Houses was to give the Members and Senators an opportunity to vote on the report. If Senators feel the conferees can do a better job, they can vote to send the report back to conference.

I am glad the Senator from California is also interested, because I was about to say that most of the legislation covered by the conference report expires on June 30.

Unless we act between now and midnight of June 30 and the President signs the bill, there will be no legislation whatever giving the Military Establishment the right to all the materials they need. In my opinion, that would be quite chaotic, regardless of what an individual Senator's or an individual House Member's feelings at the moment may be concerning the report. Regardless of our feelings, we must take action.

It is important that we pass legislation extending many of the features of the Defense Production Act which expire at midnight on June 30. Let us not become all snarled up and place ourselves in such a position that there will be no

legislation of this character at midnight on June 30.

Apropos of the point made by the Senator from Minnesota, is it not correct to say that the bill of the Senator from Minnesota established a committee of three persons, consisting of the Administrator, the Secretary of the Treasury, and the Secretary of Commerce in connection with the administration of small business?

Mr. THYE. That is true only insofar as the granting of loans is concerned. It provided that the Secretary of the Treasury and the Secretary of Commerce would serve on the advisory board for that purpose.

What I have feared in connection with the conference report is that the identity of the Small Business Administration would be submerged in either the Department of Commerce or in the Treasury Department, because the chairmanship lies with the Treasury, and that provision would be written into the law. It is stipulated that the chairman shall be the Secretary of the Treasury.

I want to make certain that it is not the intent of the conference report that the identity of the Administrator of the Small Business Administration shall be lost. I want to be certain that when we have appointed a man to head the Small Business Administration he will be recognized as the Administrator, and that the other two members will be advisers to him, and will not dominate the Small Business Administration to a point where a small-business man has lost the services of an agency which was intended by Congress to look after the problems of small business.

Mr. BUSH. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield to the Senator from Connecticut.

Mr. BUSH. The matter just discussed does not seem to me to be of a very substantive character. There is to be a board, and the Administrator of the Small Business Administration is to be the important member. Whether or not he will actually preside at the meetings seems to me to be very inconsequential. When there is a ranking officer of the Administration present at a meeting, it does not seem to me inappropriate that he be the presiding officer, and it does not seem to me that as such he would necessarily exercise any greater influence on the proceedings than if he were sitting there under the chairmanship of another member.

Mr. THYE. My concern arose from the fact that it seemed that the Secretary of Commerce and the Secretary of the Treasury could name, from within their Departments, persons who would represent them, and those individuals may become very ambitious to take over the entire administrative functions of the Small Business Administration. That is my concern.

I want the RECORD to show that the intent of Congress is that the Office of Administrator of the Small Business Administration is established for the purpose of administering a governmental agency, and that the other two members of the committee are advisers, in-

sofar as they may aid in formulating a policy, but they are not the dominating factors in the Small Business Administration.

That is my concern, and I wish to be certain that I have an expression from the chairman of the committee that it is his understanding that the Administrator of the Small Business Administration will be the one to whom we will look as the Administrator of the Small Business Administration.

Mr. BUSH. Perhaps the distinguished chairman of the committee can give more assurance, but as one who has heard the testimony of a representative of the Administration in favor of the new director, who probably will be the Administrator of the Small Business Administration, and as one who has heard him discuss the philosophy of this whole question, I wish to say that it was my impression that the affairs would be conducted just as the Senator from Minnesota hopes they will be. That is my impression. I cannot give any more assurance than that, but that is my most definite impression.

Mr. THYE. The Senator is a member of the Committee on Banking and Currency, is he not?

Mr. BUSH. I am.

Mr. THYE. The RECORD is what is referred to generally in regard to the establishment of administrative policies of any agency, and I want the RECORD to be crystal clear on the question now being discussed.

Mr. MAYBANK. Mr. President, will the Senator yield for a moment?

Mr. THYE. I will yield, if the Senator from Indiana will permit me to do so.

Mr. CAPEHART. I yield to the Senator from South Carolina.

Mr. MAYBANK. There have been no hearings on the pending bill. The committee has not taken any action on it.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield to the Senator from Alabama.

Mr. SPARKMAN. On the point the chairman of the Small Business Committee has been making, I know that if the legislative history is in contradiction to the plain language of the law, it amounts to nothing. It does not amount to anything what one says on the floor of the Senate explaining some matter if the law provides differently.

I wish to read to the Senator from the bill and then ask him if it does not provide very clearly that the proposed Board, consisting of the Secretary of the Treasury as the Chairman, the Secretary of Commerce, and the Administrator, shall run the Small Business Administration.

Mr. THYE. I got that understanding from the language I read.

Mr. SPARKMAN. It says:

The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authorities conferred upon it by this title.

If that does not place the entire governing power in the three men rather than in the Administrator, I cannot understand the English language.

Mr. THYE. I agree that it does, and the Administrator of the Small Business Administration is only 1 of the 3 members.

Mr. SPARKMAN. Just one; he is not even the chairman of the board.

Mr. THYE. That is why I desired to make certain that it was the understanding of the conferees that the Small Business Administrator was the individual who would administer the affairs of the agency, and that the other two gentlemen were advisory to the Administrator.

Mr. SPARKMAN. The bill, as now framed, does not say that. It says they shall "establish the policies which shall govern."

Mr. THYE. In the bill I introduced there is no such delegation of authority.

Mr. SPARKMAN. That was not in the Senator's bill.

Mr. THYE. That is correct. In the bill I introduced, and in the testimony I gave before the Banking and Currency Committee, I specifically stated that the Board should be advisory on loan policies, but the bill provided that the Administrator would have the administrative functions; just as it is proposed there shall be an Advisory Board in the Department of Agriculture, which the Secretary of Agriculture advocates. I had in mind that the authoritative voice would be the Administrator of the Small Business Administration, and the Advisory Board would do what its name implies, advise the Administrator on loan policies.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield further?

Mr. CAPEHART. I yield to the Senator from Alabama.

Mr. SPARKMAN. The Senator from Minnesota is exactly correct. He introduced a bill which made provision for a real Advisory Board, and that was also in the Hill bill when it was introduced. Let me say, by the way, that that was objected to on the floor of the House, but under the peculiar legislative situation prevailing, because the House had taken up the Senate bill and added this provision as an amendment, there was no opportunity in the House of Representatives to get a proper amendment to the bill, and, in view of the legislative situation, there was no opportunity to have agreed to a motion to recommit. So there has been no opportunity to write into the bill what the Senator from Minnesota wrote into his bill. Instead of having an Advisory Board to advise, the pending bill provides for what it calls an Advisory Board, but it is to govern.

Mr. THYE. I wish to commend the chairman of the committee for having brought in the report, because it does assure permanent life for the Small Business Administration. I have endeavored to make certain that such an agency would be created within the Government, and when my bill was introduced it was submitted for analysis to the American Enterprise Association, whose report is available.

Small-business people have not recommended such an advisory board as the conference bill now provides, with the Secretary of Commerce and the Secretary of the Treasury forming an official

administrative majority, with the Chairman other than the actual Administrator of the Small Business Administration. That is the only objection I find to the conference report. I am afraid that it would deny the Administrator the right actually to administer the Small Business Administration in the manner in which he should be privileged to administer it. The Board should be advisory to him, rather than supersede him in authority and in administrative prestige by having the chairmanship lodged in someone other than the Administrator of the Small Business Administration.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from New York.

Mr. LEHMAN. I know the desire of the Senator from Minnesota to make a legislative record concerning this matter which will satisfy him and will safeguard the interests of those whom we are trying to assist. But I do not think any legislative record can possibly accomplish that purpose. The Senator from Minnesota, when he was Governor of his State, appointed many advisory committees, who were to advise him. I did the same thing when I was Governor of my State. In many cases those advisory committees were very useful. But I do not think the Senator, then Governor of Minnesota, would have appointed any advisory committees, any more than would I, to be coequal with him in authority, or superior to him in authority, so far as administration was concerned. Yet that is exactly what is proposed to be done by this bill. I desire to read section 4, subparagraph (d). It reads:

(d) There is hereby created the Small Business Advisory Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator.

It then goes on to say:

The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authority conferred upon it by this title. Such general policies shall, among other things, provide the standards (1) for the granting and denial of financial assistance by the Administration, and (2) for the exercise of the powers enumerated in sections 207 (b) and (c). It shall also be the duty of the Small Business Advisory Board to periodically review the operations of the Administration and coordinate its functions with other activities and policies of the Government.

Mr. President, if that does not hamstring the Administrator in the performance of the duties which are meant to be assigned to him, then I certainly do not understand the English language. Here is an Administrator who is a member of a so-called advisory board—a minority member, not even the chairman. He will have to compete as a minority member with two Cabinet officers of far greater prestige and standing. In my opinion, there is no way by which he will be able to assert his authority or discharge his duties as administrator.

I have already said, but I desire to repeat, that, so far as I am concerned, by

agreeing to the conference report we are deliberately kicking the small-business man in the teeth. He has no chance whatever. We are simply taking from him the protection which I believe the Congress, or most of the Members of the Congress, have wished to give him.

Mr. CAPEHART. Mr. President, let me say that I certainly do not in any way want to deceive any Member of the Senate. There is no question that the Advisory Board as constituted by the language of the conference report makes the Secretary of the Treasury the Chairman of the Advisory Board and makes the Secretary of Commerce and the Administrator members. Each of them has equal responsibility, each has equal authority, other than the fact that the Secretary of the Treasury is the Chairman.

However, I do not agree, I cannot agree that this is particularly a bad provision. My opinion is that the Secretary of the Treasury and the Secretary of Commerce are just as much interested in small business as is the Administrator. I do not think we have any right to stand on the floor of the Senate to contend that the Secretary of the Treasury, or the Secretary of Commerce, is any more patriotic than the Administrator, or, conversely, that the Administrator is any more patriotic than either of the other two.

The Thye bill called for the creation of a Board which would have the same responsibilities and the same duties as the Secretary of the Treasury, the Secretary of Commerce, and the Administrator would have under the provisions of the conference report. It might be—I do not know—we might constitute a Board that would be more sympathetic to small business. Those are the chances we take, regardless of the kind of commission we create and regardless of whom we place on it. But if good, conscientious men are placed on the Board, men like the Secretary of the Treasury and the Secretary of Commerce, we may depend upon getting a good job done; otherwise, we may not.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from South Carolina.

Mr. MAYBANK. I deeply appreciate the honest and frank expression of opinion by the distinguished Senator from Indiana. The point I tried to make was that, in conference, there was no discussion about the question of who would be what, or about what the Secretary of Commerce or the Secretary of the Treasury would do. Is that not correct?

Mr. CAPEHART. That is correct.

Mr. MAYBANK. This provision was placed in the bill, but no hearings were held on it.

Mr. CAPEHART. The reason was, the House had twice passed this particular proposed legislation.

Mr. MAYBANK. I am not speaking of that.

Mr. CAPEHART. They passed it once as a separate bill, known as the Hill bill, a bill which is now in the Senate Committee on Banking and Currency.

Mr. MAYBANK. I did not sign the report because there were no hearings on that bill.

Mr. CAPEHART. That is correct. Secondly, House made it a part of the controls bill. They had made up their minds that they were going to have this particular legislation, and there was nothing the Senate conferees could do but accept it.

Mr. MAYBANK. I agree with the Senator, that the House conferees refused to yield. Nevertheless, in conference there was no discussion whatever of the bill which was embodied in the report. Is that not correct?

Mr. CAPEHART. That is correct. We offered no amendment to it. That is an honest statement.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Minnesota.

Mr. THYE. Mr. President, I see a great deal of benefit to the small-business man in this proposed legislation. I do not want to be misunderstood. I am not criticizing the entire conference report; far from it. But I want to make it positively certain that we do not lose sight of the fact that the President has appointed an Administrator of the Small Defense Plants Administration, and that that Administration will be superseded by the new Small Business Administration. In the bill I introduced, I provided for an administrator, with specific responsibility as an administrator. The board was to be advisory to him. I should have recommended for the board such men as the Secretary of Commerce and the Secretary of the Treasury. I would gladly have recommended that they be appointed as advisers to the Administrator of the Small Business Administration. But I would not have recommended that they be vested with power equal to that of the Administrator of the Small Business Administration, and then that one of them should supersede him by becoming chairman of the board.

I am not concerned about Mr. Weeks, Secretary of Commerce; I am not concerned about the present Secretary of the Treasury; but this legislation is permanent, and some day we might have a chairman and a member of the Board who would desire to assume great responsibilities and authority over the Small Business Administration; and if they succeeded, we would not need an administrator, we would need only someone who would carry out the orders of the other two members of the three-man board.

In my bill I provided for an advisory committee of three men, not specifically for a certain type of administrator, with the chairman required by law to be the Secretary of the Treasury, but not to supersede the Administrator in his functions. That is the point wherein my bill differed entirely from the provision in the conference report.

Mr. CAPEHART. The able Senator is 100 percent correct as to the difference between the bill which he introduced and the bill which we are considering at the moment.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I would remind the Senator from Minnesota that the advisory committee was to advise with reference to the loan policy of the agency, and certainly the controlling power was not to be given to the so-called advisory group, as provided in the conference report. I hope the distinguished Senator from Connecticut [Mr. BUSH] will listen to this, because he was speaking a few moments ago with reference to the matter.

There came to each Member of the Senate and to each Member of the House of Representatives an analysis which was not based on the conference report. It was based on the Hill bill as it passed the House. It is a very fine and objective analysis of the situation, published by one of the best small-business associations in the United States. There are many good small-business organizations in the United States. One of the best is the Small Business Association of New England. This association analyzes the Hill bill as it passed the House, and points out the fact that the original Hill bill and the original Thye bill had in them very sound and sane provisions with reference to an advisory committee, but that the Hill bill, as it passed the House, incorporated new language to which small business is strongly opposed.

If the Senator from Connecticut has not yet seen the analysis, I would suggest that he read it carefully, because it is a good objective analysis by a very fine and strong small-business association.

Mr. SPARKMAN subsequently said: Mr. President, earlier in the day, in connection with the discussion of the conference report, I referred to a report which had been sent to each Member of the House and of the Senate by the Small Business Association of New England. I ask unanimous consent that at that point in the RECORD there be printed the report of the Small Business Association of New England, together with a telegram which has come to me from Mr. A. Dudley Bach, president of that association, protesting against the conference report, advocating its defeat, and requesting continued hearings by the Senate Banking and Currency Committee on the whole subject matter.

There being no objection, the report and telegram were ordered to be printed in the RECORD, as follows:

JUNE 11, 1953.

To Members of the United States Senate and House of Representatives and Appropriate Committees:

A statement of the position of the Smaller Business Association of New England on the new Hill bill (H. R. 5141).

Today we received a copy of the new Hill bill, now H. R. 5141, creating a Smaller Business Administration, which purports to be merely an amendment to the old Hill bill (H. R. 4090). This, however, is in essence an entirely new bill. It bears little resemblance in its essential provisions for the operation of this agency, to those of the original House Hill bill, 4090.

Twelve of our directors made a trip to Washington, April 21, 1953, and appeared before the Select Committees on Small Business

of the Senate and House, and discussed the provisions of the Hill bill (H. R. 4090) and the Thye Senate bill 1523, for 2 hours with each committee. Later on two witnesses from our association made a trip to Washington, May 19, 1953, to testify before the Senate Banking and Currency Committee on the SBA bill introduced by Senator Thye (S. 1523).

At these hearings we presented our views and suggestions for changes of certain provisions which, in our opinion, would substantially strengthen the bill. These suggestions were made after thorough discussion among our membership:

1. We have had 16 years of experience in just what kind of agency works best for small business. Every experience confirms our belief that small business needs to have an independent agency not in, or a part of, or controlled directly or indirectly by any other department or agency, and responsible only to the President. This we felt was the stated position set forth in both the original Hill bill in the House and the Thye bill in the Senate.

The only restriction on the complete independence of the smaller-business administrator was the provision that the SBA administration be "empowered to make loans or advances in accordance with general policies established by a small-business loan policy board made up of the Secretaries of the Treasury and Commerce and the administrator." This loan policy board in both the Thye and Hill bills was to concern itself with policies relating only to the financial authorities given SBA.

We agree that in order to carry out the fiscal policy of the Government, the loaning agencies should be coordinated, and that with this control over and check on the financial authority of the SBA, that there is no necessity for putting a limitation of \$100,000 on loans. Any limitation as to amounts could well be left to the discretion of the Board.

We are certain that small business deserves to have a truly independent agency and that it should not be smothered in a welter of other divisions in a Government department. It should have the freedom, imagination, and authority to deal with the multitudinous problems of small business. The Department of Commerce formerly had such a division for small business, but never did much with it. Twice before, Congress has recognized the necessity for creating a special agency to do the job for small business by the creation of the Smaller War Plants Corporation in World War II, and the SDPA in the present defense mobilization. Both of these were created because it was found that the Department of Commerce did not do the job for small business.

We testified at three hearings on these bills and at their conclusion we felt that both the first Hill bill in the House and the Thye bill in the Senate would set up an independent, workable, effective agency to assist small business.

But—5 days after its passage, we received a copy of the new Hill bill, H. R. 5141. This bill, known as the Small Business Act of 1953, we studied and found it was an entirely new bill because of a so-called last minute amendment to strike out everything after "Be it enacted," and substitute, therefor, an entirely new bill with a setup not at all like that in the first Hill bill.

We can show you clearly by merely setting out exact quotes from the Hill bill, H. R. 5191 at the beginning of section 4 (a) and the other at the end of section 4 (d), both, bear in mind, from the same new Hill bill passed by the House Friday, June 5, that the 4 (d) completely contradicts and practically nullifies the provisions of section 4 (a).

Section 4 (a), page 20, line 18:

"In order to carry out this policy there is hereby created an agency under the name 'Small Business Administration' (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government."

Section 4 (d), page 22, line 8:

"There is hereby created the Small Business Administration, which shall consist of the following members, all ex officio. The Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Small Business Advisory Board with respect to any matter or matters. The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authority conferred upon it by the act. Such general policies shall, among other things, provide the standards (1) for the granting and denial of financial assistance by the Administration, and (2) for exercise of the powers enumerated in sections 7 (b) on page 28 (which embraces all its operating powers), and (c) it shall also be the duty of the Small Business Advisory Board to periodically review the operations of the Administration and coordinate its functions with other activities and policies of the Government."

We deeply deplore this attempt to "water down" the independence of SBA as we believe it will make it very difficult, if not impossible, for it to function effectively to carry out its avowed purposes.

We, therefore, suggest that the Loan Policy Board be confined only to supervision of financial assistance to small business. The present setup, in Hill bill 5191 as set forth in section 4 (d), reduces the Administrator to the status of being merely one of a committee of three outvoted by Treasury and Commerce members of the Commission.

BOSTON, MASS., June 18, 1953.

Senator JOHN J. SPARKMAN,

Senate Office Building,

Washington, D. C.:

The Small Business Association of New England has gone on record as not favoring the new Hill bill, H. R. 5141, as presently constituted. We believe the Senate Banking and Currency Committee should complete its hearings and give full consideration to both the Hill bill and the Thye bill along with other proposed small business legislation before it. We feel any small-business agency must be independent, have adequate loaning power, and adequate authority to carry out the functions Congress assigns to it.

A. DUDLEY BACH,
President.

Mr. BUSH. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. BUSH. Since the Senator from Alabama has directed his remarks to me, I should like to comment, that the arrangement provided for in the bill which is now before the Senate, so far as the 3-man committee is concerned, does not seem to me to be dangerous, but rather very advantageous.

I think it is very fortunate that there are to be brought into the administration of the small-business organizations the talents of the Secretary of the Treasury and the Secretary of Com-

merce and some responsibility in connection therewith. They have expressed an interest in doing something constructive in connection with small business and loans to small business. I am not one who fears their general interest in the situation, nor am I one who fears they will dominate the Administrator, who is a man of their own choosing and a man of very substantial characteristics in his own right. He is a very fine, able, successful young man.

So, Mr. President, while I think the Senator from Minnesota is correct in wanting to have the RECORD clear, as he says, I believe the way the bill sets up the Small Business Administration is one of the advantageous things about it, and not one of the unfortunate things about it.

Mr. KENNEDY. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. KENNEDY. Mr. President, I was interested in what the Senator from Alabama [Mr. SPARKMAN] said about the small-business group of New England.

Does not the Senator from Indiana feel that the limitation in the bill of \$100,000 on loans would affect work which is vitally important to small-business men?

Particularly is not that true when the majority of the loans recommended in past years were for more than \$100,000?

Mr. CAPEHART. The loans recommended by SDPA had to do only with the war effort, whereas the new policy will be to make loans for both civilian purposes and war purposes. We hope we shall soon be finished with the war purposes. The House committee figured that \$100,000 was sufficient. It might be a little short in respect to the war effort, but the war effort may well be on the way down. We hope so.

Moreover, title 302 of the Defense Production Act gives the right to loan any amount.

Mr. KENNEDY. We must assume that the economy of the country will remain sufficiently high so that even though the war emergency may pass small business may not be able to get loans anywhere else.

Mr. CAPEHART. If it had been left to my good judgment I would have made it \$125,000 or \$150,000. However, we had no choice. At the moment it is purely a matter of guessing. I suspect that the starting point of \$100,000 is possibly as good an estimate as \$125,000 or \$150,000 would have been. It is simply a starting point. We shall have to learn from experience whether it is too much or too little. My best judgment is that it may be a little bit short, but I shall not quarrel with it at the moment, because the act can be amended.

Mr. KENNEDY. I think the Senate should consider the low limitation and the reaction of the small-business association of New England.

Mr. CAPEHART. It is my thought that the act can always be amended.

Mr. President, I have some further pages with reference to the Small Business Administration, but I think we have covered the subject in our debate. I should like, however, to ask unanimous

consent to have 3½ pages on the subject inserted at this point in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

In order to centralize in one agency adequate powers to assist small business, the conference report gives the Small Business Administration authority to lend money to small business concerns for proper purposes where they are unable to obtain such funds from private financial institutions either on a direct or participating basis. A limitation of \$100,000 representing Small Business Administration's share of a loan to a single borrower is contained in the lending authority. This would appear to be an ample limit for the vast majority of small business concerns. From the inception of RFC in 1932 through March 31, 1953, that agency has made 63,300 business loans. Ninety percent of these loans were in amounts of \$100,000 or less.

Adequate safeguards are contained in the conference report to assure that the Small Business Administration will in no way compete with private financial institutions in making loans to small business.

In order to avoid duplication of effort, the conference report requires that RFC forward to SBA for processing all loan applications hereafter received from small business.

From appropriations authorized, an overall lending limitation of \$150 million is prescribed. An additional \$100 million is authorized for the Small Business Administration to take prime contracts from the Government and subcontract them to small-business concerns.

The Senate Banking Committee held rather extended hearings on the Hill bill (H. R. 5141) as reported from committee, and on the Thye bill (S. 1523). The Hill bill as reported by the House Banking Committee is identical with that bill as it passed the House, with the exception of a single word. The Hill bill as passed by the House is identical with title II of the substitute bill adopted by the conference.

Small-business problems and needs were gone into quite thoroughly during the hearings before the Senate Banking and Currency Committee on this very bill—S. 1081. Many witnesses appeared before the committee explaining the need for increased authority in the small-business agency. Many recommended direct lending authority. In fact, my recollection is that many witnesses at that time in effect endorsed wholeheartedly the very principles embodied in the Small Business Administration.

In addition, the Senate committee held several days of hearings on 7 or 8 bills to assist small business—May 20, 21, 22, 25, 26, and 27. One of these bills is the Thye bill, S. 1523. It is substantially the same as the Hill bill as passed by the House. All witnesses appearing for the administration were enthusiastic in support of the main features of the Thye bill and the Hill bill. Representatives of the Treasury, Commerce, RFC, and General Services testified in support of this legislation.

Chairman WOLCOTT of the House Banking and Currency Committee assured the conferees that he personally had obtained the approval of the White House for the Hill bill as passed by the House. Therefore, this bill has the wholehearted endorsement of the administration. It is an administration bill.

In summary, the majority of the Senate conferees decided to recede to the House position and accept title II of the conference report, which creates a Small Business Administration.

Mr. CAPEHART. Mr. President, another change was with reference to the definition of "national defense."

The conferees accepted the Senate definition of the term "national defense," with technical, clarifying changes.

ALLOCATIONS IN THE CIVILIAN MARKET

There was a slight difference between the Senate and House versions of the revised language proposed for section 701 (c) of the Defense Production Act, as amended. Both provide that if it becomes necessary in the future to allocate any material in the civilian market, consideration should be given to the then current competitive position of established businesses in determining the basis for allocating such material to them. The House version of the bill requires that in computing the then current competitive position of any such business, there be excluded the effect of Government controls. Such controls might result in the particular business having a different competitive position than would have been the case in the absence of such controls. The Senate conferees agreed to recede to the House position on this provision.

In so doing, there was no intention of affecting the remaining provisions of section 701 (c), as proposed to be amended by the conference report. In general, these provisions provide different base dates for computing future allocations in the civilian market, depending upon whether the particular material happens to be under allocation controls on July 1, 1953. If such controls are in effect on that date, future allocations must use a pre-Korean base date preceding June 24, 1950, with appropriate adjustments. If such controls are not in effect on July 1, 1953, future allocations take as a base date a representative period following June 30, 1953, with appropriate adjustments. In determining whether any particular material is subject to allocation control on July 1, 1953, within the meaning of the conference report, it is necessary to find that such control is in the nature of a full scale operating allocation control. This criterion would exclude such items as steel—other than nickel-bearing stainless steel, copper, and aluminum which will have been substantially decontrolled by July 1, 1953. Consequently, if it becomes necessary in the future to allocate any of such materials in the civilian market, the base date for allocation under the conference report would be a representative period following June 30, 1953, notwithstanding the fact that there may exist in the third quarter of 1953 certain limited and highly specialized controls over such materials.

DISTRIBUTION OF MATERIALS TO SMALL BUSINESS

In view of the termination of allocation of many materials for civilian purposes, the conferees in the statement of the managers on the part of the House expressed their hope that producers of such materials will continue to distribute their supplies so as to assure small users sufficient quantities to meet their current requirements.

PRODUCERS OF MINERALS AND METALS

A provision of the Senate bill sponsored by the junior Senator from Arizona [Mr. GOLDWATER] would have amended the definition of small business

in the Defense Production Act by specifically including miners of strategic and critical minerals and metals among those who could qualify as small business concerns as long as they meet the criteria set forth in the act for small business concerns.

When a similar amendment was suggested to the Hill bill (H. R. 5141) in the House, assurance was given on behalf of the House Committee on Banking and Currency that such miners were as eligible as any other business to qualify as small business concerns. It was feared that by specifically naming certain classes of business which might qualify as small business, there would be a danger that other classes of business, similarly qualified, but not so named, might be excluded by implication. In order to make clear the intent of the conferees, a portion of the statement of the Managers on the part of the House was devoted to explaining why the proposed amendment was not incorporated in the bill. The statement of the Managers makes it perfectly clear that producers of strategic and critical minerals and metals stand on the same basis as any other business in their ability to qualify as small business concerns if they meet the necessary criteria contained in the bill.

I hope that is perfectly clear. I do not believe there is room for any misunderstanding whatsoever that small producers of metals and minerals, wherever found, if they come within the category of small business, will be entitled to secure reasonable loans from the new agency.

INFORMATION OBTAINED BY OPS

The Senate version of the bill would have continued for 2 years section 705 of the Defense Production Act. This section requires that confidential treatment be given to information supplied to OPS under that section if, at the time it is supplied, a request is made that such information be held confidential. The House version of the bill added an amendment which would result in all information supplied to OPS under section 705 which had not been made public by April 30, 1953, being treated as confidential. The House provision would have allowed disclosure of such information only to the Department of Justice, unless the President determined that withholding the information would be contrary to the interest of the national defense, in which event the information could be made public.

The substitute bill adopted by the conference includes the House provision with two amendments. The first amendment allows disclosure to the Congress or any of its authorized committees. The second amendment makes it clear that when disclosed to the Department of Justice, such information may be used to the extent deemed necessary in performing the functions of the Department of Justice. It was felt that some guaranty to safeguard this information against indiscriminate use should be written into the statute, in view of the fact that OPS has ceased to function as an operating agency. Nevertheless, there remains in the possession of the

executive department much information collected by OPS acting under section 705.

TERMINATION DATES

In general, the Senate bill extended for 2 years those provisions of the Defense Production Act which were to be extended. On the other hand, the House version of the bill extended for only 1 year such of these provisions as the House retained in its bill. In this matter the House receded and agreed to the Senate provisions.

The Small Business Administration, created under title II of the bill adopted by the conference, will be a permanent agency.

While the conference report represents a compromise of views on the part of the conferees, and may not wholly satisfy some of the conferees, I submit that the results reached represent an honest effort on the part of all conferees to attain an acceptable conclusion on all points in controversy between the two Houses. Naturally, there were differences of opinion even among conferees representing the same body.

However, as in all conferences, it was necessary to reach a compromise. In my opinion, the final result is the best bill that can be obtained from the conference between the two Houses. In view of the early termination of important defense-production powers, I recommend the immediate adoption of the conference report.

Mr. BUTLER of Maryland. Mr. President, will the Senator yield?

Mr. CAPEHART. I am happy to yield.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Is the Senator from Indiana yielding for a question, or is he yielding the floor?

Mr. CAPEHART. I am yielding for a question.

Mr. LONG. I desire to be recognized in my own right.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. CAPEHART. I have not yet yielded the floor.

Mr. LONG. Is the Senator yielding for a question, or is he yielding the floor?

Mr. CAPEHART. I yield for a question.

Mr. LONG. I do not desire to ask a question; I simply wish to seek recognition in my own right, if the Senator from Indiana is prepared to yield the floor.

Mr. CAPEHART. I have only one more statement to make.

Mr. BUTLER of Maryland. I should like to make a 3-minute statement.

Mr. CAPEHART. Mr. President, I ask unanimous consent that, without my losing the floor, the Senator from Maryland may make a 3-minute statement.

Mr. LONG. Mr. President, I must object. I am seeking recognition. I have been waiting for about 2 hours, and I do not propose to take more than 3 minutes.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the Senator from Maryland [Mr. BUTLER] may speak for 3 minutes, without my losing the floor, and that then the Senator from Louisiana [Mr. LONG] may have 3 minutes, without my losing the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from Maryland is recognized for 3 minutes.

POLITICAL SITUATION IN THE PHILIPPINES

Mr. BUTLER of Maryland. Mr. President, recently on the Senate floor the Senator from North Dakota [Mr. LANGER] told us of a situation in the Philippines which deserves our attention, thought, and action.

The Senator pointed out that one of the principal issues in the current presidential election campaign in the Philippines is the allegation that American Embassy officials are interfering in the internal politics of that country. If these charges, which have been made by President Quirino himself and by other members of the incumbent Liberal Party, are true, we are indeed deserving of sharp criticism. If they are not true, we must make every effort to dispel the doubt which has been cast upon our democratic intent.

Personally, Mr. President, I am confident that our officials have not meddled in Philippine politics. But it would seem that they are inept in permitting these charges to assume the proportions of a major controversial issue in the Philippine campaign, and I agree with the distinguished Senator from North Dakota that it behooves us as a democratic nation to make our position of strict neutrality in Philippine politics clear beyond a shadow of doubt.

We have a particularly delicate role to play in the politics of the Philippines. As our former colony, they look to us for guidance and example. The world looks on with interest. Our enemies search for evidence of insincerity in our having granted the Philippines their independence. Asia, particularly southeast Asia, casts suspicious glances toward the West, for they remember all too well abuses of colonial authority by western nations. Our record as a colonial power was excellent. Our voluntary grant of independence to the Philippines was welcomed everywhere in the free world as evidence of the high ideals of American democracy.

We cannot afford to have a misunderstanding undermine our prestige as a proponent of democracy. We must understand that our generosity invites suspicion from some peoples who have always been exploited, and we must make extra effort to prove that we have no ulterior purpose.

Our own Nation was founded on the bedrock of self-determination of people. We have fostered that high principle at home and abroad since 1776. We must not let that record be tarnished by un-

fortunate misdeeds or by misunderstandings.

It is my understanding that several Senators from both sides of the aisle have become disturbed by this problem which has arisen in the Philippines, and plan to take some action to remedy the matter and express emphatically American policy of neutrality and noninterference in Philippine politics and sincere friendship for the government chosen by the Philippine people, whether it be the present one which is returned to office in November or a new one.

Let the Philippine people speak their minds with ballots, and let us offer our friendly assistance to the government of their choosing.

Mr. President, I have certain clippings of articles from American and Philippine newspapers which seem to show the extent of the problem, which I ask unanimous consent to have printed in the body of the RECORD following my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times of April 21, 1953]

UNITED STATES BIAS IS DENIED IN PHILIPPINE VOTE—FOREIGN SECRETARY FINDS NONE, BUT QUIRINO BACKERS SEE MAGSAYSAY FAVORED

(By Henry R. Lieberman)

MANILA, April 20.—The Secretary of Foreign Affairs, Joaquin M. Elizalde, declared in an interview today that there had been no official interference by the United States in Philippine election activities. He noted that Ambassador Raymond A. Spruance and his staff were now making every effort to keep Americans out of the heated Presidential contest here.

"It is a very difficult situation because you are in politics here from breakfast to dinner," Mr. Elizalde observed. "As of today, however, I have seen no case of any interference."

His comment followed a series of complaints by leaders of President Elpidio Quirino's Liberal Party that "some American officials" were partial to the presidential candidacy of Ramon Magsaysay, the former Defense Secretary. The open Liberal Party feud with the Embassy on this score last month has now abated, but Liberal leaders still cling to the belief that a number of Americans here are inimical to the President's candidacy.

Talks with key Liberal Party leaders, including Mr. Quirino and Eugenio Perez, Speaker of the House of Representatives, indicate the Liberals are not yet fully convinced of American neutrality in the forthcoming election. They make a distinction between the United States Government and individual Americans here who are favorably disposed toward Mr. Magsaysay, but occasionally the lines seem to get somewhat blurred.

"We are watching," said Oscar Castelo, the Secretary of Justice, who now also holds the post of Secretary of Defense. "We do not mind if you are pro-Magsaysay, but we do not want any campaigning."

He threatened to deport any Americans whom he found to be interfering.

"If we find the United States Government is interfering, either for the Liberals or the Nacionalista, we will denounce the United States in the United Nations," he added.

The background of these suspicions apparently include favorable notice Mr. Magsaysay has been given in the United States press, his obvious popularity with resident Americans, his defection from the Liberal Party and various individual comments and public actions regarded by the Liberals as

having cast unwarranted reflections on the Quirino administration. There also are indications of Liberal fears that American money might be brought in to support the Magsaysay candidacy.

Meanwhile, all major political leaders—Liberals and Nacionalista alike—continue to talk about the necessity of close cooperation between the United States and the Philippines regardless of who is elected president next November.

There is an obvious sensitivity on both sides about all matters concerning Philippine sovereignty and there is a strong bipartisan sentiment favoring revision of the 1946 agreement governing present trade relations between the United States and the Philippines.

At the same time, however, one gets the impression that the United States retains a strong reservoir of goodwill in this country. A Philippine Government official put it this way.

"It is still a political asset in this country to have the United States on your side. That is what a lot of the commotion is about."

[From the New York Herald Tribune of March 9, 1953]

QUIRINO ASSERTS UNITED STATES WON'T PUSH LAND REFORMS—UNITED STATES OFFICIALS DEMUR, NOTE ENVOY HAS POINTED OUT VALUE OF MSA PROPOSALS

(By Homer Bigart)

MANILA, March 7.—President Elpidio Quirino said in an interview that he has demanded and received assurances that the United States will not intervene in the Philippine presidential campaign by pressing for land-tenure reform.

He said he has been told by American Ambassador Raymond A. Spruance that a controversial Mutual Security Agency report on land reform was "just one man's opinion," and is not to be regarded as an official policy statement.

President Quirino was particularly upset by a statement in the report that the United States might have to take "direct, expensive, drastic action" to save the Philippines from communism unless extreme poverty and political unrest among tenant farmers were alleviated.

LAND REFORM, BIG ISSUE?

Land reform will be a major political issue if Ramon Magsaysay, who resigned last week as Defense Minister in Mr. Quirino's Liberal Party Cabinet, is nominated by the rival Nacionalista Party for President.

Mr. Magsaysay insists that agrarian reform offers the best means of uprooting discontent in the Provinces where the Communist-led Huk movement finds recruits. Mr. Quirino, while giving lip service to reform, has rejected American recommendations as suggesting collectivism.

American sources, later, gave a quite different account of the Quirino-Spruance conversation than was received by this correspondent from President Quirino.

MSA PLAN APPROVED

They said Ambassador Spruance not only approved wholeheartedly the contents of the MSA report but sent to Mr. Quirino a covering aide-memoire (memorandum) stressing its importance.

It was stated also that the Ambassador, after a close first-hand study of the problem, became convinced that oppressive farm rentals, exorbitant interest rates, and feudal practices under the land-tenure system are major incitements to rebellion and that he reminded Mr. Quirino pointedly of the keen interest of the United States in an honest election next November in the Philippines.

TWICE REMINDED QUIRINO

The controversial MSA report was almost completed when Ambassador Spruance arrived at Manila early last year. He person-

ally submitted it to President Truman in August. Subsequently, when no action was taken by the Quirino government, he brought the matter to Mr. Quirino's attention on at least two occasions.

Written by Robert Hardy, who had been General of the Army Douglas MacArthur's land-reform expert in Japan, the report recommended government purchase of big, private landholdings which would be split up and sold to tenants as family-sized farms.

"The trouble with Mr. Hardy," President Quirino said, "was that he could not understand that our problem is different from Japan's. In Japan, all you had to do was to split up the Emperor's lands—the Government did not have to pay for it. But here you have to pay for the land, and we haven't got the money."

"Mr. Hardy must have thought this was still occupied territory."

OPPOSES RELEASING REPORT

Mr. Quirino said he felt obliged to tell Ambassador Spruance that the Hardy report "would severely affect" American-Philippine relations if made public.

Turning to politics, Mr. Quirino said Americans are being fed "systematic exaggerated publicity" about the achievements of Mr. Magsaysay.

"I build him up," Mr. Quirino said. "He got credit for things I personally directed. The Americans believe he reorganized the army. But the army was reorganized before he came in."

ARMY MORALE LIFTED

"Of course, with his new enthusiasm, ability and hard work, he was able to lift the spirit and morale of the army. But the capture of the Huk Politburo at Manila was possible because I turned over to Mr. Magsaysay the agent who provided all the information. But Mr. Magsaysay got all the credit. I was building him up."

"I knew he was going to resign and I just waited until he reached the end of his rope. As a matter of fact, I did not even read his resignation."

"There is nothing wrong about Mr. Magsaysay except that he is bewildered by the flattery and cajolery of the Nacionalistas. There is no danger of a coup. Mr. Laurel is just talking bloodshed as a scarecrow."

[Mr. Quirino was referring to Sen. Jose Laurel, the Nacionalista leader.]

"Personally, I don't think Mr. Magsaysay will get the Nacionalista nomination," Mr. Quirino added. "They just want to split the liberal party."

Mr. Quirino said he is confident he will head the liberal party ticket. He said Carlos P. Romulo, now Philippine Ambassador at Washington, is being considered for the liberal party nomination for vice president.

[From the New York Times of January 6, 1953]

PHILIPPINES ANGRY OVER UNITED STATES REPORTS—SECURITY AGENCY DATA ON RURAL CONDITIONS MAY BRING FORMAL PROTEST BY MANILA CONGRESS

MANILA, Tuesday, January 6.—The impatient rejection by President Elpidio Quirino of a Mutual Security Agency report on rural backwardness in the Philippines set off a congressional movement today for a formal protest to the United States Government. The suggested protest had obvious overtones of election year politics.

It was the second recent report of the Security Agency on rural conditions in the Philippines to arouse the ire of the Quirino administration. The first one, identified as the so-called Hardie report (after Robert S. Hardie, its author) on tenure reforms led to intimations in congressional quarters that the United States assistance program in the Philippines was infiltrated by Communist

influences subversive of the Philippine Government.

Speaker Eugenio Perez of the Philippine House of Representatives suggested that the Philippine Government should be allowed to screen United States Government people sent on assistance programs. The suggestion has been ignored by United States officials here.

Since the Perez suggestion the Hardie report has been published in detail, revealing nothing interpretable as subversive or Communistic in character.

The second mutual security report now the subject of a threatened formal protest against United States "interference" with domestic affairs was prepared jointly by the United States Technical Mission and its Philippine Government counterpart, the Philippine Council for United States Aid.

Identified as the McMillan-Rivera report, it concludes that nearly half of the village residents of the Philippines today were worse off than 10 years ago.

The report said that the Philippine Government influence, except for schools, did not penetrate to the village (barrio) level, where 75 percent of Filipinos live, and that the Filipino barrio folk were virtually ruled by the cacques, or bosses, who control their lives and working conditions.

Such conclusions were naturally politically unwelcome to President Quirino's Administration and the Liberal Party, whose survival depends on the outcome of the national elections next November.

Mr. Quirino denied such conditions existed and affirmed his administration's constant concern for the underprivileged barrio people. Speaker Perez, in a statement to the press, called the McMillan-Rivera report malicious and said it was designed to undermine popular faith in the Government.

[From the New York Times of March 14, 1953]

SHUN MANILA POLITICS, AMERICANS ARE TOLD

MANILA, March 13.—United States Ambassador Raymond A. Spruance issued one of his rare public statements Thursday warning Americans in the Philippines to refrain from any kind of participation in the coming national elections or in election campaign activities.

It was more or less a routine statement, merely urging compliance with the law without reference to the violent political feeling over President Elpidio Quirino's bid for reelection against Ramon Magsaysay, his former Secretary of Defense, who resigned recently under political pressure and is expected to oppose him on the Nacionalista Party ticket. But it served to call attention to Washington's watchful attitude toward the election campaign, which gives signs of producing an explosive reaction from the politically excitable Filipinos.

Admiral Spruance called attention both to United States and Philippine laws bearing on such participation.

The statement was not believed to have been inspired by any noticeable tendency on the part of Americans here to intervene, but was rather a precautionary warning to let the Filipinos know how the United States stands on such matters. The 10,000 to 12,000 Americans residing in the Philippines probably are the largest American colony outside the United States.

[From the Chronicle, Manila, Philippines, of March 31, 1953]

LIBERAL PARTY SOLONS ACT TO OUST MEDDLERS—PEREZ, ALLAS SEEK DEPORTATION OF POLITICKING ALIENS

A Liberal Party-inspired move to deport local American residents found meddling in Philippine politics was started yesterday in the House of Representatives.

Representative Cipriano Allas, Liberal, of Pangasinan, filed a resolution yesterday seek-

ing the creation of a special congressional committee to conduct a secret investigation of the reported meddling.

Speaker Eugenio Perez said in Baguio last night that the Allas resolution will be given top priority in the House agenda should congressmen press for its immediate discussion.

Perez indicated that he may throw the full weight of his influence as president of the Liberal Party behind the resolution. Liberal Party congressmen who are with Perez in Baguio rallied behind the move.

Explaining his resolution, Allas said that he and his colleagues merely want to know who among the local American residents are meddling in Philippine politics.

Those found politicking, Allas said, will be recommended for deportation. Officials of the American Embassy meddling in local politics will be reported to Washington as persona non grata in the Philippines, Allas said.

Nacionalistas meanwhile found themselves doing the unfamiliar role of defending the local American Embassy from attacks of interference hurled by the Liberal Party leaders, including President Quirino.

In the 1946 and 1949 elections, the Nacionalistas, it will be recalled, hurled the same accusations against the American Embassy.

Reactions among congress leaders on the move to ask for the recall of Spruance followed strictly the party line. Liberals are almost unanimously in favor of the move while Nacionalistas are against.

Speaker Perez said in Baguio that the controversy has reached serious proportions and may directly affect the election campaigns.

He said the issue could be easily raised against the Nacionalista Party in the campaign, adding that "the sovereignty of this country should be protected at all cost."

Allas indicated that his political bosses, the Liberal Party leaders, will throw the full weight of the administration behind his resolution in order to rid the country of foreign intervention.

Senators Claro M. Recto and Jose P. Laurel, Nacionalista Party leaders who have hitherto been branded as anti-Americans for their outspoken attacks against American foreign policy in the Orient, strongly defended the American Embassy against the President's accusations.

Quirino last Sunday accused American Ambassador Spruance and the American Embassy of meddling in local politics. The president's accusations were followed up by Speaker Eugenio Perez and Representative Diosdado Macapagal, Liberal Pampanga.

The President charged the embassy with snubbing Liberal Party leaders at its recent dinner-conference in honor of Adlai E. Stevenson, during which local politics was reportedly discussed.

Senate President Eulogio Rodriguez, Sr., Nacionalista Party president, said last night that the charges hurled by the President are purely nonsense. He said that Ambassador Spruance "is the best American Ambassador ever to be assigned in the Philippines."

Rodriguez denied that only Nacionalista Party leaders were invited to the Stevenson dinner, as charged by President Quirino. He said he is definitely against the move to ask for the recall of Spruance.

Macapagal, in a statement last night, asked for a categorical comment from the American Embassy on widespread reports indicating its interference in the coming presidential election.

His statement follows in full:

"I wish to clarify that I have not made charges against the American Embassy. I have simply requested the Embassy to comment on widespread reports indicating its interference in the coming presidential election. If the Embassy does not indulge in such intervention, it should so state and

clarify the reports in order to clear the atmosphere.

"Irrespective of partisan alignment, I call on all to expose and resist the interference of the United States Embassy under Ambassador Spruance in the conduct of our elections. Even if the Embassy interferes in favor of the Liberal Party and its presidential candidate, I will still fight it because foreign meddling in our polls, irrespective of the party or candidate favored, transgresses our sovereignty and makes a mockery of our independence."

(By Jose C. Nable)

BAGUIO, March 30.—Liberal congressmen today contemplated asking for the immediate recall of American Ambassador Raymond A. Spruance for alleged interference in Philippine politics.

Macapagal, who heads the foreign affairs committee in the Lower House, said he will personally file the resolution declaring Ambassador Spruance "persona non grata" to the Philippine government. The resolution will be filed immediately upon the resumption of Congress sessions on April 6.

Speaker Eugenio Perez said the Macapagal resolution will be given priority in the House agenda should Congressmen press for its immediate discussion.

Qualifying their stand on the proposed resolution, the Congressmen, including Macapagal, indicated that a satisfactory explanation and clarification by Embassy officials on this matter would clear up the current misunderstanding. It may even prevent the pressing of the resolution any further.

United States Embassy officials were charged particularly with hiding in the Embassy vaults a reported agreement signed between Senators Jose P. Laurel, Claro M. Recto, Lorenzo Tanada and former Defense Secretary Ramon Magsaysay.

The Embassy is also charged with having ignored the Magsaysay statement to the effect that the American Government has lost confidence in the Quirino administration.

While the Embassy made it a practice to issue official communiques on lesser matters, it did not deny the Magsaysay statement, it was charged.

The controversy between the Embassy and administration leaders was described by congressmen as having reached "serious proportions" which may directly affect the election campaigns.

Speaker Perez admitted that the issue could easily be raised against the Nacionalistas in the course of the campaign, adding that "the sovereignty of this country should be protected at all costs."

[From the Philippine Herald, Manila, Philippines, of March 29, 1953]

HIT UNITED STATES "MEDDLING" IN PHILIPPINES ISLAND POLITICS—MACAPAGAL DEMANDS EXPLANATION—MALACANAN RELEASES ARTICLE ACCUSING UNITED STATES EMBASSY, ARMY OF PLOT

A double-barreled attack was levelled yesterday at the American Embassy for alleged interference in local politics by boosting the candidacy of former Secretary Ramon Magsaysay.

The first blast came from Representative Diosdado Macapagal, Liberal, Pampanga, who demanded that the American Ambassador should either deny or clarify two reports tending to implicate the United States Embassy in certain political moves.

The second blast came from Malacañan which issued an official release under the letterhead of the "Office of the President" quoting in full an article in the Bataan magazine which attacked the United States Army and Embassy for pushing the election of a "man on horseback." The article was

entitled: "Will There Be a United States Party in the Philippines?"

Macapagal charged that the United States Embassy was guilty of "interference by omission" because it failed to deny a report that a "secret agreement" entered into by Senators Jose P. Laurel, Claro M. Recto, Lorenzo Tanada, and Magsaysay was "being guarded in the vaults of the Embassy."

Macapagal also charged that the United States Embassy was guilty of "interference by omission" in failing to deny or correct Magsaysay's statement that the American Government has "lost confidence in the Quirino administration."

Macapagal made the charges in a signed statement released to the press last night. It was considered significant because Macapagal signed it as chairman of the committee on foreign affairs.

The statement follows in full:

"The silence of the American Embassy on two recent reports is disturbing. The first is the report that Senators Laurel, Recto, Tanada, and ex-Secretary Magsaysay have signed a secret agreement and that this document is being guarded in the vaults of the Embassy. The second is the statement of Mr. Magsaysay that the American Government has lost confidence in the Quirino administration.

"The United States Embassy has heretofore made or sought denial or clarification of less serious matters than these. The continued failure of the Embassy to make denial or clarification now may be taken as an undue interference with the political struggle going on in the country. Interference is done not only by commission, but by omission.

"We, therefore, ask the American Ambassador to clarify said reports with the same candor in which he owned the politically controversial contents of the Hardie report. The Embassy has recently called on the American officialdom and community to refrain in every way from the political situation. Such admonition will best find substance through a clarification of the aforesaid reports by the American Ambassador."

Indicating that the press statement was only the first step in the move to force a showdown with the United States Embassy, Macapagal told the Herald he plans to ask Liberal leaders to make a formal request for an explanation from the American Ambassador.

In Malacañan, reporters covering the President were surprised at what they termed an "out and out propaganda material" being issued officially by the press office. Although the release was marked "for background purposes," a Malacañan authority said it could be reprinted.

The Bataan article, according to the release, was airmailed to Malacañan from the States where the magazine is being published.

Besides attacking the United States Embassy and Army for building up the "man on horseback" the article also charged that American newsmen, magazines, and periodicals were unwittingly made tools by United States political plotters. The article did not mention any name, but it was clear that it was referring to Magsaysay.

The article follows in full:

QUESTION IS ASKED BECAUSE OF EFFORTS TO BUILD UP "A MAN ON HORSEBACK"—MANILA POLITICAL CIRCLES AGOG OVER ACTIVITIES OF PRO COLONEL CONSIDERED PUPPET PULLING FROM BEHIND THE SCENES—PROPAGANDA PATTERN FOLLOWED IN UNITED STATES EXPOSED

MANILA, February 25.—What started here as a wisecrack in political circles that aside from the Liber and Nacionalista Parties, a third one is about to be born—an American Army Party organized to foist "a man on

horseback" on the Filipinos—seems to be taking shape. Whether it will continue operating from behind the scenes as it has so far done or whether it will dare show its hand is not known at this writing, but the arrival of its master mind who returned here a few days ago from Washington may precipitate some developments that may culminate in some sort of a political crisis.

It is an open secret here that a certain sector of the United States Army and some American officials, interested mainly in Pacific security, have been trying the last 2 years to build up a certain figure and prepare him to be a presidential candidate. For this purpose, a propaganda build-up was encouraged among some United States magazines and periodicals, and even the Pentagon, was unwittingly inveigled into the attempt to boost the United States Army favorite.

SECURITIES IN THE PACIFIC

Leading American publishers and publicists as well as newspaper correspondents were fed with materials about the so-called achievements of the United States Army fair-haired boy, and every effort was exerted to present him as a hero to the American public. Recently, as a result of the change in administration in the United States, a certain Army colonel rushed to Washington to direct a new propaganda spurt to influence the faces in Washington in favor of the man on horseback.

The propaganda pattern is clear as evolved by the PRO colonel: Main theme: United States security in the Pacific. How to achieve it: elect as president of the Philippines the one who can best promote and defend United States security and interests. How to influence American opinion: Present President Quirino as a weak, corrupt chief executive. At the same time build up one of his cabinet members as a strong, honest, courageous official. Give this official all the credit for everything good in the Philippine Government and blame Quirino for all the faults and weaknesses of the administration. In other words, make of Quirino a villain, and of the United States Army pet a hero.

That is the pattern that was carefully evolved and followed. The American newspaperman is essentially and fundamentally fair. So when he arrives here in Manila he tries to get the facts. To get the facts he has to go to what he thinks are the accepted objective sources. These are the United States Embassy and the United States Army. He is not aware of any preconceived plan to build up a certain figure. And what he believes are the objective sources begin to give him their facts. Then he is subtly but effectively guided to get confirmation of the facts from Filipino sources known to be anti-Quirino. Finally, when he has been properly briefed in accordance with the pattern, an effort is made to make him interview President Quirino. Whatever Quirino tells him cannot efface the first impression created in his mind by the objective sources.

NEW PUBLICITY SCHEME

So when the United States elections came and a new administration was elected and it was evident that there would be changes in the Pentagon, the PRO colonel rushed to Washington in December and a new spate of organized publicity was started. Frank Pace, Dan Kimball, William Foster who had already been sold to the Army pet had been eased out. A new set has to be indoctrinated. New articles must be published presenting Quirino as a devil and the "man on horseback" as an angel. Hence, articles appearing in United States newspapers and magazines in December, January, and February.

That done, more maneuvering must be done from here. From Manila must come news about politicians trying to wreck the Army, news dispatches purporting to show that efforts to suppress the Huks are weak-

ened by politicians envious of the Army pet, that communism is gaining ground in the Philippines, that United States security is thus endangered in the Pacific, and that the only man who can save the situation is the "man on horseback." All these must be cleverly and unobtrusively directed from behind the scenes. The Hardie report must be properly exploited against Quirino. The Supreme Court decision on emergency powers must also be transmitted to the United States in a manner that will show how tyrannical this man Quirino is. A statement must be written for the pet defending the military mind in order to project him to the attention of President Eisenhower.

Fortunately, we the unwary are beginning to wake up. We are beginning to see the outlines of a colossal effort to interfere in our domestic affairs and make a mockery of our national sovereignty. Whether the Nationalistas as the opposition party are conscious of all these behind-the-scenes puppet-pulling and are encouraging it by such politically-clever statements of offer of withdrawal in favor of this or that candidate in order to take advantage of it when the opportune moment comes and thus win the election for the opposition by exposing it in all its Machiavelian significance, your correspondent does not know. He is inclined to believe that they know and are aiding and abetting it—for their comfort and subsequent victory at the polls.

TEMPORARY ECONOMIC CONTROLS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. LONG. Mr. President, I ask unanimous consent that the limitation of 3 minutes upon my remarks be rescinded. I see no point in the restriction, since the Senator from Indiana [Mr. CAPEHART] is prepared to yield the floor.

Mr. CAPEHART. Mr. President, I desire to speak for 2 or 3 additional minutes, if the Senator from Louisiana will permit me to conclude.

Mr. LONG. I wish to make a motion when I obtain the floor.

Mr. CAPEHART. Will the Senator from Louisiana withhold his motion until I have finished?

Mr. LONG. Mr. President, I ask unanimous consent that I may be recognized at the conclusion of the remarks of the Senator from Indiana.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CAPEHART. I merely wish to say, in closing, that the proposed legislation establishes the Small Business Administration for the purpose of cooperating with, working for, and helping small business to the extent of helping it to secure war orders, helping it to finance war orders, and lending it money for civilian purposes. There is no limitation, except that it must be small business.

One of the points which is not found in this bill, but which is in the RFC Act, is a provision that a loan may not be

made unless it is in the national interest. There is no such provision in the language of the pending bill. The proposed agency is a real, honest-to-goodness, small business administration, created for the sole purpose of helping small business, to the extent that any small-business man anywhere in the Nation may borrow up to \$100,000. The agency proposed to be established is 100 percent in aid of small business. Let no one be deceived about that. It is a small-business agency, not only to help small business obtain war orders, but likewise to lend money to small businesses, up to \$100,000.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MONRONEY. As the Senator says, the field is wide open. Would it include the financing of a hairdressing establishment?

Mr. CAPEHART. I should say that that would depend on the policy adopted by the Board. However, I see nothing in the bill which would prevent such a loan being made.

Mr. MONRONEY. I take it saloons would be eligible for loans?

Mr. CAPEHART. Yes, if that were in accordance with the policy adopted by the Board. The Board could eliminate saloons.

Mr. MONRONEY. But the bill as written would provide for the financing of saloons, hairdressing establishments, bowling alleys, or any other kind of enterprise.

Mr. CAPEHART. The bill would permit financing of any small business, up to \$100,000. The Board would set the policy. It could include or exclude saloons. To be perfectly frank and honest, it could either finance them or not, as it saw fit.

Mr. MONRONEY. Let me ask the distinguished Senator if there is any provision in the bill for local bank participation, which is now the policy.

Mr. CAPEHART. There certainly is.

Mr. MONRONEY. Will the Senator show the junior Senator from Oklahoma where that language is to be found in the conference report? I have tried to find it, and I have been unable to do so. I do not find it anywhere in this hastily considered legislation.

Mr. CAPEHART. Immediate or deferred participation is part and parcel of the bill. I will find the language for the Senator in a moment.

Mr. MONRONEY. While the language is being looked up, I should also like to ask the distinguished Senator if it is not a fact that from a practical standpoint this proposed legislation came to the House not subject to any floor amendment. Therefore it was conceived under the gag rule in the House. It comes to the Senate without the opportunity to dot an "i" or cross a "t" or make any restrictions whatsoever. So what we actually have before us is probably the worst example of the way to legislate that could possibly be conceived. One committee of one House can generate legislation with respect to which no amendments can be offered when the bill comes to the floor of the House; when it comes to the Senate, it comes

under a gag rule, so that we cannot possibly amend or correct or improve the bill. We are expected to take it on faith.

Mr. CAPEHART. What does the Senator object to about the bill?

Mr. MONRONEY. In the first place, I do not think there is any safeguard whatsoever for the public, in the classification of loans that can be made. It is proposed to create a multimillion dollar establishment, which the Senator says can finance saloons, hairdressing establishments, or anything else, whether needed or not. Anything can be financed by the new agency, which is an open end to the Federal Treasury. I have been unable to find any of the careful safeguards which in the past have consistently been placed in lending legislation. That was true when I was a member of the House Committee on Banking and Currency.

Mr. CAPEHART. Of course, the able Senator knows that, under the provisions of paragraphs (1), (2), and (3) on page 7, every conceivable effort must be exhausted to obtain a loan from private lenders before a borrower is eligible to make a loan under the terms of the bill. He must sign an affidavit that he was unable to obtain a loan from any other source. Moreover, he must furnish the Administrator with letters from the sources from which he tried to obtain a loan, and which turned him down. There are many safeguards in this particular bill that were not in the old RFC Act. But in all fairness I had to answer the Senator in the affirmative when he asked me if loans could be made for the financing of saloons or hairdressing establishments. I should say that such businesses could be financed by loans if the Board decided that it wished to make such loans. Saloons are legalized businesses. The same is true of any branch of the liquor business. A hairdressing establishment is certainly a very fine institution. At least all the ladies in the galleries think it is. Personally, I would have no objection to lending a little money to a widow who wanted to pretty up the hair of the girls in her particular town. I see nothing particularly wrong with that. I am not against small business. The Senator may be against the hairdressers if he wishes. I am not. I should like to lend them a little money.

Mr. MONRONEY. The point the junior Senator from Oklahoma is making is that with taxes at a record-breaking high, with defense demands pressing us so that we are compelled to impair the effectiveness of the Air Corps itself, the Senator is proposing to establish a multimillion dollar chest without bothering to establish any safeguards whatsoever, from the standpoint of limiting such financing to enterprises which are in the public interest. The Senator has said that there is no regard for the public interest. No limitation is contained in the bill.

Mr. CAPEHART. I did not say that there was no regard for the public interest. I said that there was nothing in the bill which provided that we must take into consideration whether a loan is in

the public interest, as was the case in connection with the RFC Act.

Mr. MONRONEY. Then there is no regard for the public interest.

Mr. CAPEHART. I can see that perhaps the able Senator is too frank, and is trying too hard to make certain that every Senator understands what is in the bill and what is not. I am trying to be factual and honest, and explain what is in the bill.

Mr. MONRONEY. The junior Senator from Oklahoma is asking—and I am sure the Senator from Indiana will give him the information—what provisions there are in the bill relative to local bank participation.

Mr. CAPEHART. If the Senator will turn to page 7, paragraph (1) reads as follows:

No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms.

Mr. MONRONEY. The junior Senator from Oklahoma is well aware of the fact that if other credit is available the bill prohibits a loan. What the junior Senator from Oklahoma inquired about was the policy with respect to local bank participation. Historically that has been a part of other lending legislation. If a local bank were to take 10 percent of the loan and the Federal Government the remainder, the Federal Government would have the advantage of having the advice and servicing of the loan by the local bank.

Mr. CAPEHART. Let me read from the bill. I think we can clear up this question. I read from page 7 of the conference report:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

(2) No loan or advance shall be granted under this title if the total amount outstanding and committed by participation to the borrower from the revolving fund established by this title would exceed \$100,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding 10 years; except that any loan made for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction;

(3) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement;

Mr. MONRONEY. Will the Senator from Indiana explain how that language provides for local bank participation? I followed the reading. I can see that there is a limitation on participation. However, I do not see any affirmative language on the subject of participation.

Mr. CAPEHART. I refer the Senator to the language at the top of page 7: "and such loans or advances may be

made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations."

Mr. MONRONEY. Mr. President, as I read the provision, it nullifies any effective bank participation, and is proof of the charge I made earlier, namely, that it was the product of a gag rule in the House and that it is brought to the Senate under a gag rule. Therefore, no Senator can tell what he is passing on this afternoon.

Mr. CAPEHART. It is an attempt to make certain that there will be no waste of Federal funds. One cannot honestly criticize the measure for not containing proper safeguards. One can criticize it because of the way it was handled in the House, and perhaps for the way the provision was placed in the bill, as permanent legislation, when otherwise the bill contains semipermanent legislation. However, I do not believe one can criticize the bill itself as not being a good bill.

If Senators want to vote for small business, if they are in favor of helping small business, and if they want to have loans made to small business, my judgment is that it would be hard to write a better bill.

Mr. MONRONEY. The Senator does not tell the Senate, however, that if we refuse to buy the pig in the poke he, as chairman of the Committee on Banking and Currency, will lose interest in reporting a bill on small business.

Mr. CAPEHART. No. I am saying, as I frankly stated before, I hope every Senator will vote according to his conscience. If the Senate votes that the conference report should go back to conference for further consideration by the conference committee, I, as chairman of the committee, will be delighted to take it back, and I will do the best I can when it goes back to conference.

Mr. MONRONEY. The Senator will assure us, with his usual diligence and interest in small business, if this abortive effort at legislation fails, the door will not be closed to satisfactory small business legislation?

Mr. CAPEHART. I will assure the Senator that if the conference report is turned down the Committee on Banking and Currency will renew its hearings, as it intended to continue its hearings, and will consider the Thye bill, the Fulbright bill, the Byrd bill, the Sparkman bill, and the Douglas bill. We intended to do it. We held hearings for about a week, and we recessed because of more pressing business.

However, if the Senate rejects the conference report, while, of course, we could go back to conference and perhaps reach an agreement with the House between now and June 30; but if no agreement should be reached before midnight of June 30, the Small Defense Plants Administration Act would likewise expire, and we would have no legislation whatever on the books helpful to small business.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. THYE. Mr. President, in order that the RECORD may be clear as to my opinion, I share the expressed statement of the able and distinguished chairman of the committee, that title II in general is a good provision. It does assure small business that it will have an agency from which it can obtain loans for what might be called participation in defense manufacturing, and that it will also have an opportunity to obtain loans in a situation in which it would need to come to the agency for assistance.

I recognize that such provisions are in the report. The only objection I had to the section pertaining to small defense loans was primarily that there was established a supervisory board which actually superseded the Administrator of the Small Business Administration and actually made him a clerk rather than an administrator.

If I can obtain the assurance of the chairman of the committee that it is not the intent of the Committee on Banking and Currency or of the conference committee to nullify the importance of the Administrator of the Small Business Administration, but that the other two members of the board will serve in an advisory capacity to him, I will vote for the conference report, because it is a step forward and assures small business that it will be protected.

Mr. CAPEHART. I am certain that that is the way it will work in practice, with the Secretary of the Treasury and the Secretary of Commerce acting in an advisory capacity, and that they will permit the Administrator to operate the agency. I am certain they will.

I am not, however, going to stand on the floor of the Senate and say something that is directly opposed to the way the language is written. The language provides that the Secretary of the Treasury and the Secretary of Commerce are equal managers with the Administrator so far as general policy is concerned. That language cannot be taken out of the measure. It is in the bill. Personally, I have no fear of it at all. If I find that the other two members of the Board are hamstringing the Administrator, we will immediately prepare an amendment to the act and endeavor to get it through Congress at the earliest possible moment, because I am just as much opposed as is the Senator from Minnesota to having the Administrator hamstrung by the Secretary of the Treasury and the Secretary of Commerce. I do not think they will hamstring him. I do not think they should. It is not the intention that they shall. It is the intention that they shall cooperate with him. The language, however, provides that the three of them shall be equal managers so far as general policy is concerned.

Mr. THYE. The assurance I wanted from the chairman of the committee was that they would not hamstring the Administrator, and that if they did hamstring him, the chairman of the Committee on Banking and Currency, with the approval of the committee, would give consideration to amending the act. With that assurance I can see no just

reason to object to the conference report.

Mr. CAPEHART. Mr. President, in closing I wish to say that if the bill becomes law and the proposed agency is created, and loans up to \$100,000 can be granted to the small business people of the United States, the Committee on Banking and Currency will certainly give consideration to the dissolution of RFC, if not immediately, at least by June 30, 1954. Personally I do not think we need 2 lending agencies or 2 RFC's. We certainly should eliminate one or the other.

Mr. THYE. Mr. President, will the the Senator yield further?

Mr. CAPEHART. I yield.

Mr. THYE. I should like to say to the Senator that the whole purpose in the preparation of the bill which I introduced was to serve small business when RFC was abolished. I personally believe that RFC should be abolished and that was what I had in mind when I prepared the bill which I introduced. It has been my hope that RFC would be abolished. That is what I had expected the Committee on Banking and Currency would recommend, namely, that when it reported a bill on small business it would at the same time report a bill to abolish RFC.

Mr. CAPEHART. First, I wish to thank the able Senator from Minnesota for his help and in introducing the bill to which he has referred. I do not know whether I am forced to say, but I believe I should say that, the Committee on Banking and Currency had no opportunity to pass upon the Thye bill or on any of the other bills, because the House attached to the Defense Production Act the small-business bill. We had no choice in the matter but to accept it, though, of course, the Senate can decide this afternoon to instruct us to go back to conference and do something else.

Mr. LONG. Mr. President, unfortunately, the junior Senator from Louisiana was not present at the time of the vote on the motion to proceed to the consideration of the conference report.

I regret very much that the acting majority leader decided to bring up the report, because the impression I had from having been on the floor and engaging in the colloquy at the previous session of the Senate, was that no vote of any significance would be had during this weekend. At the time the colloquy occurred—and it appears at page 6848 of the RECORD of June 16—the junior Senator from Louisiana was rather distressed to hear the acting majority leader say that there would be no vote, because the junior Senator from Louisiana wanted to make a speech on the submerged lands bill on Friday, but he was afraid he would not have an audience to speak to, since many Senators who had commitments and plans in their States would probably have departed by then.

With regard to the conference report, some of us in the minority are cognizant of certain matters in the report, and have serious objections to some of its provisions.

Certain proposals had not previously been submitted to the Senate, and we

had no knowledge of them. We had had no occasion to study them, although 1 or 2 of our Members, or perhaps a larger number, who had studied these proposals were strongly opposed to them. To the best of my knowledge, at least some of those Senators are not present at this time to advise us of their views on these matters.

If the shoe were on the other foot, and if the acting majority leader were now leading the minority, I am sure that, with his characteristic fairness, if on his side of the aisle some Members had strenuous objections to certain provisions and desired to be present when they were considered, he certainly would insist that adequate time be allowed, so as to enable them to be present and present their views and that the measure be handled in a more orderly way.

As a matter of fact, that was the entire tenor of the remarks of the acting majority leader when he proposed that the submerged lands bill be taken up. Point was made that the committee report was not available and the hearings were not available, and that the measure was a very important one. With the fairness which we so often see displayed by the acting majority leader, he said he would propose that the submerged lands bill be made the unfinished business, but that consideration of the bill would be resumed on Monday.

Mr. President, I agree that ordinarily a conference report is a routine matter which can quickly be brought up and disposed of. However, the pending conference report is not of that nature. This conference report has not received consideration by the Senate. It contains a proposal to create an agency to dispose of \$250 million of Federal funds, and that proposal has not previously been considered on the floor of the Senate. Serious objections are raised to it.

I hope the acting majority leader will agree to have the conference report taken up on Monday, perhaps; and then I am sure there will be no objection on the part of Senators on this side of the aisle to having the conference report considered, and, as soon as the Senators who favor the report and the Senators who oppose the report can be heard, to have the vote taken on the report.

Mr. KNOWLAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. KNOWLAND. I am not sure the Senator from Louisiana was in the Chamber when some of the earlier discussion occurred.

Again I wish to say, as I did earlier today, that a reading of the RECORD will show that the vote taken on Tuesday was on the question of making the submerged lands bill the unfinished business. In that bill the distinguished Senator from Louisiana is particularly interested. He is always very diligent in respect to all matters relating to public business.

I was attempting to give assurance to the distinguished Senator from Louisiana and to other Senators who had raised the question that unless the committee report and the hearings on that bill were available, it would not be taken up this week.

I was asked about that matter by both the minority leader and other Senators. Even before the Senator from Louisiana entered the Chamber, I said that that was my intention regarding the submerged-lands bill; and in order that the Senator from Louisiana might have an opportunity both to state his position and to ask questions, after consultation with the distinguished minority leader I suggested the absence of a quorum, so that no business would be transacted until the Senator from Louisiana was able to return to the Chamber from his office or from committee.

Again I wish to say that the normal and customary procedure has been to consider conference reports promptly.

This conference report was adopted by unanimous vote of the House of Representatives.

The acting majority leader, in moving to have the conference report taken up in the Senate, was acting entirely in keeping with the rules and precedents of the Senate. Discussion was not cut off in any way. No attempt was made to apply a gag rule. That is obvious, because there has been prolonged debate today. Of course, under the rules of the Senate, as the distinguished Senator from Louisiana knows as well as does any other Member of this body, there is no limitation to the discussion and debate on the conference report. So I think it is not fair to say that there has been gag-rule procedure in connection with this matter.

In serving in my present position, I have the responsibility of trying to have the business of the Senate transacted expeditiously.

With all due respect, I say again that Senators on the other side of the aisle and Senators on this side of the aisle must necessarily be absent at times. Some are sick. Some who are here today and tomorrow, may not be present on Monday and Tuesday. Therefore, so far as the equities are concerned, the number of Senators who may be inconvenienced by having this measure acted upon today may be even smaller than the number of Senators who would be inconvenienced by having the conference report acted upon on Monday or Tuesday.

Having known that the House of Representatives had, without objection, agreed to the conference report, and in view of my relationship with the distinguished senior Senator from Texas [Mr. JOHNSON], the able minority leader, for whom I have high regard and deep affection, in our normal procedure, as soon as I had the information about action on the conference report by the House of Representatives, and as soon as we had determined to move to have the conference report brought up, within less than 5 minutes' time I personally put in a call to the minority leader, to inform him of that decision. When I found that he was not then at his office, I immediately instructed the Secretary of the Senate and the Secretary for the majority to get in touch with Mr. JOHNSON, the Secretary for the minority, to inform him and to have him inform, late yesterday afternoon, the distinguished

minority leader. No attempt was made to slip something before the Senate today, for consideration.

This morning the distinguished minority leader came to me and said he had received the message, and raised some objections to the proposed procedure. He told me his viewpoint, and I told him mine. I am not quarreling with him for taking the position he has taken.

Again I informed him that it was my intention to move to have the conference report considered today, but probably not until about 2 o'clock. In advance of 2 o'clock, I again informed the minority leader that at about 2 o'clock I was going to move the consideration of the conference report.

I shall continue to try, as I have always tried, to give due notice and to proceed on a reasonable basis.

Let me state the situation facing the Senate next week: On Monday we shall either have the submerged lands bill ready for consideration or we shall have one of the important appropriation bills ready for consideration.

Moreover, next week—and I want the Senate to be informed as far in advance as possible—there is scheduled for consideration the mutual security legislation, which probably will entail a considerable amount of debate. We probably shall have a second appropriation bill, and perhaps a third appropriation bill.

I am trying, as one Member of the Senate and as one who temporarily occupies this seat, to expedite the business of the Senate, so that the Senate can adjourn at a reasonable time this summer.

However, in the case of the conference report, there is a deadline. If it is the judgment of the Senate—and the matter is entirely one for the Senate to decide—that the conference report should be rejected, then, as the Senate knows, a further conference must be held on the measure.

If thereafter the conferees on the part of the House and the conferees on the part of the Senate could not agree, we could easily come to the 30th of June without having a conference report on this subject acted upon. In that case, the Second War Powers Act would expire. The Senate would then be faced with the problem of passing a joint resolution which, in effect, would continue all the controls which now are on the statute books. That would bring up a very complex and complicated problem, for I doubt very much whether all Senators on the other side of the aisle would wish to be in the position of voting to continue all the controls. I think the general position of the Senate, at least, has been that only the controls which are essential to the defense needs of the Nation and to the control of strategic materials should be continued.

I make this statement in fairness to the Senator from Louisiana. So long as I occupy this seat, I shall always attempt to give the minority leader as much information as I have in regard to legislative matters which are to come before

the Senate. I have done that ever since I have occupied this seat.

Under the circumstances, I feel that the duty of every Senator, as long as the Senate is in session, is to be in his seat in the Senate Chamber, in the absence of some major reason why he should be absent.

I myself have turned down literally hundreds of requests to make speeches at various places, for I have felt that the Senate has work to do, and therefore it seems to me that every Senator should be available.

Let me say that I hope that hereafter there will be no misunderstanding; I hope that every Senator will recognize that as the business of the Senate proceeds, as in the case of conference reports, Senators must be prepared to have such measures taken up as they reach the Senate from the House of Representatives.

Mr. LONG. Mr. President, if the acting majority leader had made on yesterday or the day before yesterday the declaration he has just made, those of us who are opposing having the conference report brought up at this time would not object, because we would have been on notice.

However, on Tuesday, when the acting majority leader moved to have the submerged lands bills, which deals with the Continental Shelf, taken up, that measure had just been reported from the committee. No committee report was available and no hearings were available. In fact, the hearings are still in the galley-proof stage. So there was simply nothing which the Senate could use in considering that measure. Yet a motion was made to make that bill the unfinished business.

Why was there not brought up some measure upon which the Senate could act, such as Senate Joint Resolution 1, which has been on the calendar for some time, or some other measure? I assume it was because nothing which demanded attention by the Senate was then pressing for action.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. JOHNSON of Texas. I simply wish to confirm what the acting majority leader has said about the relationship between the majority leader and the minority leader for the past 5 months.

I also wish to serve notice on all Senators that they can no longer depend on statements made in the RECORD to the effect that the calendar will be called on Thursday and that miscellaneous or noncontroversial bills will be brought up thereafter, on Friday. What happened was that when the acting majority leader was asked for a statement as to what the program would be, he said, "The calendar will be called on Thursday." He did not say, "And we may bring up a controversial conference report, or we may bring up some bill on which the Senate is highly divided." He said, "We will call the calendar."

"What else will we do?" He said, "We will take up some miscellaneous, non-controversial bills."

Mr. KNOWLAND. Mr. President, I am sure the Senator will yield to me, and that he wants to be fair.

Mr. JOHNSON of Texas. Mr. President, the Senator yielded to me, and I do not yield the floor.

Mr. KNOWLAND. Very well.

Mr. JOHNSON of Texas. Mr. President, the acting majority leader said that, in the event hearings on the submerged-lands measure were not available until Friday—I am not attempting to quote his exact language—"we will take up miscellaneous and largely non-controversial bills."

Mr. KNOWLAND. On Friday.

Mr. JOHNSON of Texas. Certainly, on Friday.

Mr. KNOWLAND. This is Thursday.

Mr. JOHNSON of Texas. The calendar was to be called on Thursday. The calendar contains some highly controversial measures. The Senator from California did not serve notice that he would call up a conference report on which the conferees were then meeting. I asked the Senator this morning to give us a reasonable length of time. But, no, the Senator said, "We have got to go through with it today."

So, Mr. President, every Senator on this floor may take judicial notice at this time of the fact that when the RECORD contains the statement that there will be a calendar call he may be confronted with controversial conference reports or anything else. I do not want the responsibility to be placed on the minority leader for the measures upon which Senators may be called upon to act.

For 5 months we have been able to depend upon the assurances and the agreements made and arrived at between the majority leader and the minority leader. I pled with the acting majority leader not to rely on notifying me at 5:20 yesterday afternoon in my office, or rather, leaving a message, that at 12 o'clock today, this conference report would be ready for consideration, and that, during the day, he expected to have it considered. Why? Because some Senators had to keep engagements in their States, and were absent. They went with assurance that the calendar would be called on Thursday, and that, on Friday, there would be a general discussion of the submerged lands bill, if the hearings were available at that time, and if not miscellaneous noncontroversial bills would be considered. Mr. President, I submit that those Senators have been deceived.

Mr. KNOWLAND. Mr. President, will the Senator from Louisiana yield at that point? I ask it as a matter of personal privilege.

Mr. LONG. I will yield in a moment.

Mr. KNOWLAND. I would appreciate it if the distinguished Senator would permit me to make a brief statement, as a matter of personal privilege, at this time.

Mr. LONG. I will yield to the Senator. Mr. President, I ask unanimous consent that the Senator from California may address the Senate for 3 minutes, without prejudice to the rights of the junior Senator from Louisiana to the floor.

The PRESIDING OFFICER. Is there objection?

Mr. MORSE. Mr. President, reserving the right to object, I do not want the Senator from California to be limited to 3 minutes. I want to hear his statement. I am sure he will not speak at great length, but I want to hear him. I do not want him to be limited to 3 minutes. I ask the Senator from Louisiana to allow the Senator from California to reply to the Senator from Texas. The Senator from California is not going to speak very long.

Mr. KNOWLAND. I am sure my remarks will not extend for more than 5 minutes. They will occupy probably much less time.

The PRESIDING OFFICER. If there is no objection to the unanimous-consent request, the Senator from California may proceed.

Mr. MORSE. But, Mr. President—

Mr. LONG. I ask unanimous consent that the Senator from California may proceed, with the understanding that, at the conclusion of his remarks, the junior Senator from Louisiana will have the floor.

Mr. MORSE. Mr. President, I have a right to object, and I am objecting. I shall not object, if the Senator from Louisiana is willing to permit the Senator from California to make his reply to the Senator from Texas.

Mr. LONG. Mr. President, I withdraw the time limitation. I would simply ask that the Senator from California be permitted to proceed, reserving the right of the junior Senator from Louisiana to have the floor at the conclusion of the remarks of the Senator from California.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, the Senator from California may proceed.

Mr. KNOWLAND. Mr. President, to the best of my ability, I have given an explanation of the motivations of the acting majority leader in this matter. I desire to say to my friend from Texas that I personally resent the remark which he made that the Senate of the United States could no longer depend upon a statement which is made on the floor. I have not knowingly violated the statement which I made to the Senate, and I am sorry to hear the distinguished Senator from Texas make such a charge. In the 8 years I have served in the Senate of the United States I have kept my word, and I have attempted to the best of my ability to cooperate with the distinguished Senators on the other side of the aisle. In fairness to myself and to the RECORD, I feel that I should make my views known to the minority leader.

Mr. LONG. Mr. President, I do not fully subscribe to the views of my minority leader, nor with the views of the acting majority leader. I believe the acting majority leader did not say he was not going to bring up the conference report. Certainly, based on the RECORD, he did not say that he would not bring it up. On the other hand, I submit to any fair-minded Senator—and I believe that if the Senator from

California, in calmer moments, would look at the RECORD, he would agree—that the inference of the statement made by the Senator from California was that we could expect that no controversial matters of such a nature as the pending conference report would be interjected during this weekend.

Mr. ROBERTSON. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield for a question.

Mr. ROBERTSON. When the three Democratic members of the conference refused to sign the conference report, was not the acting majority leader put on notice that we were dealing with a highly controversial matter?

Mr. LONG. That is the opinion of the junior Senator from Louisiana.

Mr. ROBERTSON. Is it not a fact that this is a controversial bill, and that it is nothing but a rider on the Defense Production bill?

Mr. LONG. That is what it amounts to.

Mr. ROBERTSON. Is it not true that the bill, itself, is still pending before the Senate Committee on Banking and Currency, which has had no chance to hold any hearings on it?

Mr. LONG. That is correct.

Mr. ROBERTSON. Is it not true that the senior Senator from Virginia has a speaking engagement tonight; that the junior Senator from Virginia is to speak before the Bankers Association in the morning, and that the Senator from Georgia [Mr. RUSSELL] has left the city—all of us being under the impression that, since the Senate had been put on notice that the conference report needed to be looked into and carefully considered, we would not be expected on a day when it was stated that the calendar would be called, to debate it and to vote on it?

Mr. LONG. That is correct. Mr. President, I will make a motion in one moment. Before doing so, however—

Mr. JOHNSON of Texas. Mr. President, will the Senator yield for one brief observation, in order that we may conclude this discussion?

Mr. LONG. I yield for a question.

Mr. JOHNSON of Texas. The Senator from Texas did not mean to imply that he had received assurance from the acting majority leader that the conference report would not be brought up. He thought he received assurance that the calendar would be called on Thursday, and that, on Friday, the submerged lands bill would come up, provided the hearings were available; but that otherwise, the Senate would take up miscellaneous, noncontroversial bills. The Senator from Texas thinks the conference report goes beyond that statement.

Mr. LONG. That was the impression received by most of us. From page 6848 of the RECORD of June 16, the Senator from California [Mr. KNOWLAND] speaking, I read:

Mr. KNOWLAND. The Senator may rest assured that the acting majority leader will always be glad to cooperate with Senators on both sides of the aisle in any reasonable arrangement. I had been informed that certain Senators from States which are also vitally interested had commitments the following weekend and that they hoped the

bill would be out of the way by that time. So I am trying to accommodate both the Senator from Louisiana and other Senators who have an equal interest.

That, Mr. President, is not completely consistent with the statement which the Senator from California just made, to the effect that Senators should make their plans always to be in their seats and to be ready for a vote. Here is simply a case where an arrangement was made to accommodate certain Senators by not bringing up a piece of legislation the Senate was not prepared to consider thoroughly at the time, and the impression was given that other Senators could safely make their plans and fulfill commitments and arrangements they had made. Therefore, Mr. President, I move to reconsider the vote by which the Senate agreed to proceed to the consideration of the conference report on Senate bill 1081.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion of the Senator from Louisiana, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The motion is not debatable.

The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	McCarran
Anderson	Hendrickson	McCarthy
Barrett	Hennings	McClellan
Bennett	Hickenlooper	Millikin
Bush	Hill	Monroney
Butler, Md.	Hoey	Morse
Byrd	Holland	Mundt
Capehart	Humphrey	Neely
Carlson	Hunt	Payne
Case	Jackson	Potter
Clements	Jenner	Purtell
Cooper	Johnson, Colo.	Robertson
Cordon	Johnson, Tex.	Saltonstall
Daniel	Johnston, S. C.	Schoeppel
Dirksen	Kefauver	Smathers
Douglas	Kennedy	Smith, Maine
Duff	Kerr	Smith, N. J.
Dworshak	Kilgore	Sparkman
Eastland	Knowland	Stennis
Ellender	Kuchel	Symington
Ferguson	Langer	Taft
Flanders	Lehman	Thye
Frear	Long	Watkins
George	Magnuson	Welker
Gillette	Malone	Williams
Goldwater	Mansfield	Young
Green	Martin	
Griswold	Maybank	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Louisiana to reconsider the vote by which the Senate agreed to consider the conference report.

Mr. LONG and other Senators requested the yeas and nays.

The yeas and nays were ordered.

Mr. ROBERTSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ROBERTSON. What is the issue on which the Senate is called upon to vote?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California [Mr. KNOWLAND] to lay on the table the motion of the Senator from Louisiana [Mr.

LONG] to reconsider the vote by which the Senate agreed to proceed to the consideration of the conference report. The motion to table is not debatable. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce the Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], and the Senator from New Hampshire [Mr. BRIDGES] are necessarily absent.

If present and voting, the Senator from Maryland [Mr. BEALL] the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], would each vote "yea."

I also announce that the Senator from Nebraska [Mr. BUTLER] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

If present and voting, the Senator from Nebraska [Mr. BUTLER] and the Senator from New Hampshire [Mr. TOBEY] would each vote "yea."

I further announce that the Senator from Wisconsin [Mr. WILEY] is absent on official business.

If present and voting, the Senator from Wisconsin [Mr. WILEY] would vote "yea."

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference, at Geneva, Switzerland.

If present and voting, the Senator from New York [Mr. IVES] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is unavoidably detained.

The Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senator from Tennessee [Mr. GORE], the Senator from Rhode Island [Mr. PASTORE], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

I announce further that if present and voting the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. MURRAY], and the Senator from Rhode Island [Mr. PASTORE] would each vote "nay."

The yeas and nays resulted—yeas 41, nays 41, as follows:

YEAS—41

Aiken	Flanders	Payne
Barrett	Goldwater	Potter
Bennett	Griswold	Purtell
Bush	Hendrickson	Saltonstall
Butler, Md.	Hickenlooper	Schoeppel
Capehart	Jenner	Smith, Maine
Carlson	Knowland	Smith, N. J.
Case	Kuchel	Taft
Cooper	Langer	Thye
Cordon	Malone	Watkins
Dirksen	Martin	Welker
Duff	McCarthy	Williams
Dworshak	Millikin	Young
Ferguson	Mundt	

NAYS—41

Anderson	Hoey	Magnuson
Byrd	Holland	Mansfield
Clements	Humphrey	Maybank
Daniel	Hunt	McCarran
Douglas	Jackson	McClellan
Eastland	Johnson, Colo.	Monroney
Ellender	Johnson, Tex.	Morse
Frear	Johnston, S. C.	Neely
George	Kefauver	Robertson
Gillette	Kennedy	Smathers
Green	Kerr	Sparkman
Hayden	Kilgore	Stennis
Hennings	Lehman	Symington
Hill	Long	

NOT VOTING—14

Beall	Fulbright	Russell
Bricker	Gore	Smith, N. C.
Bridges	Ives	Tobey
Butler, Nebr.	Murray	Wiley
Chavez	Pastore	

The VICE PRESIDENT. The vote being 41 to 41, a tie, the Chair, in the exercise of his constitutional authority, votes in the affirmative, and the motion of the Senator from California [Mr. KNOWLAND] to lay on the table the motion of the Senator from Louisiana [Mr. LONG] to reconsider the vote by which the Senate agreed to proceed with the consideration of the conference report, is agreed to.

Mr. ROBERTSON. Mr. President, in a speech which we understood would consume 10 minutes, and finally wound up by consuming 2 hours, the distinguished chairman of the Senate Committee on Banking and Currency [Mr. CAPEHART] today in his peroration said, "Our committee had no chance to consider this bill." That was true. Then he said, "So there was nothing left for us to do but accept it."

That was what old Cato, in the Roman Senate, would have called a non sequitur. It does not follow that because the Senate Committee on Banking and Currency had no chance to discharge its legislative duties and functions, and because the Senate had no opportunity to consider hearings—there were none on the Senate side—or to give mature consideration to what was involved in the measure, all that was left for us to do was quickly, and without due consideration, to accept what the House had sent us as a rider on an entirely different kind of bill.

It surprises me, Mr. President, to see a party committed to economy, to a balanced budget, to a reduction of taxes, to a reduction in Government expenditure, and to stemming the trend toward paternalism, violating every single one of those promises in a single measure.

This bill is the equivalent of an appropriation of \$250 million of borrowed money—because it comes out of the Treasury, which will have to borrow it. That much will be added to the prospective deficit now facing the country.

Mr. CHAVEZ. Mr. President, I wonder of my good friend from Virginia will yield to me for a moment.

Mr. ROBERTSON. I yield.

Mr. CHAVEZ. Due to unavoidable circumstances I was absent at the time the last vote was taken, and did not vote. I wanted to vote. I wonder if my good friend from Virginia will yield to me for the purpose of making a motion to reconsider the vote just taken?

Mr. ROBERTSON. I yield to my colleague.

Mr. CHAVEZ. Mr. President, I move that the vote by which the motion of the Senator from Louisiana [Mr. LONG] to reconsider the vote by which the Senate proceeded to consider the conference report was laid on the table be now reconsidered, because of the fact that I was not present, but was unavoidably detained, and because I wish to cast my vote on that question.

Mr. KNOWLAND. Mr. President, I object. I make the point of order that the motion to reconsider was laid on the table.

Mr. CHAVEZ. That is the point—

Mr. HOLLAND. Mr. President, I should like to be heard on that question, if I may. I invite the attention of the distinguished acting majority leader to the fact that the last vote was upon a motion to lay on the table. The acting majority leader did not permit a vote to come on the motion to reconsider. If he had done so, the point would be well taken; but since it was a motion to lay on the table, action taken on that motion is now subject to reconsideration. I ask for a ruling from the Chair to that effect.

The VICE PRESIDENT. Does the Senator from California desire to be heard?

Mr. KNOWLAND. Mr. President, I think the point is well taken, that this was not a vote on the motion to reconsider, but rather a vote on my motion to lay on the table the motion to reconsider. Under those circumstances I am inclined to believe that a motion to reconsider the motion to table would be in order.

Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JOHNSON of Texas. Did the Chair rule after the acting majority leader, in effect, conceded the point of order? Did the Chair rule on the question?

The VICE PRESIDENT. The Chair did not make a ruling. The Chair was about to ask the acting majority leader whether he intended to withdraw the point of order.

Mr. KNOWLAND. Mr. President, I did withdraw the point of order; and then I suggested the absence of a quorum.

The VICE PRESIDENT. The rollcall will continue.

The Chief Clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Alken	Case	Dworshak
Anderson	Chavez	Eastland
Barrett	Clements	Ellender
Bennett	Cooper	Ferguson
Bush	Cordon	Flanders
Butler, Md.	Daniel	Frear
Byrd	Dirksen	George
Capehart	Douglas	Gillette
Carlson	Duff	Goldwater

Green	Kilgore
Griswold	Knowland
Hayden	Kuchel
Hendrickson	Langer
Hennings	Lehman
Hickenlooper	Long
Hill	Magnuson
Hoey	Malone
Holland	Mansfield
Humphrey	Martin
Hunt	Maybank
Jackson	McCarran
Jenner	McCarthy
Johnson, Colo.	McClellan
Johnson, Tex.	Millikin
Johnston, S. C.	Monroney
Kefauver	Morse
Kennedy	Mundt
Kerr	Neely

Payne
Potter
Purtell
Robertson
Saltonstall
Schoeppel
Smathers
Smith, Maine
Smith, N. J.
Sparkman
Stennis
Symington
Taft
Thye
Watkins
Welker
Williams
Young

Mr. KNOWLAND. Mr. President, during the call of the quorum I had an opportunity to examine the rules of the Senate. Because of the importance of the decision which the Senate is called upon to make I hope every Senator on the other side of the aisle, particularly the Southern Senators, will very carefully read the rules of the Senate. At page 17 of the rules, in rule XIII, it is provided:

1. When a question has been decided by the Senate, any Senator voting with the prevailing side or who has not voted may, on the same day or on either of the next 2 days of actual session thereafter, move a reconsideration; and if the Senate shall refuse to reconsider, or upon reconsideration shall affirm its first decision, no further motion to reconsider shall be in order unless by unanimous consent. Every motion to reconsider shall be decided by a majority vote, and may be laid on the table without affecting the question in reference to which the same is made, which shall be a final disposition of the motion.

Mr. President, I wish to be perfectly frank about it. That is the point of order which I originally had in mind, but at the time I did not have the rule before me. I believe it is a valid point of order. I do not believe any Senator can read the rule without recognizing that there has been a final disposition of the question so far as bringing the conference report before the Senate is concerned.

I do want to make the point of order, and I ask for a ruling by the Chair.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. ROBERTSON. Would the majority leader prefer to have a vote this afternoon without further extended debate? The junior Senator from Virginia would like to speak for about 3 minutes on the merits of the issue and have the conference report voted up or down. The House has acted on the conference report, and the Senate cannot move to recommit it. It can vote it up or down. If it is voted down it goes back to the conference. The conference committee may then see fit to submit a report in line with what the administration asks in the way of allocations, and there can be decided later the question of what kind of lending agency should be established. Bills relating to this subject are now pending before the Committee on Banking and Currency. Would the majority leader care to have a vote now?

Mr. KNOWLAND. A number of Senators on this side of the aisle desire to

discuss the conference report. I want to settle these matters one at a time.

Mr. ROBERTSON. Does that mean that we will not vote today?

Mr. KNOWLAND. I desire to have settled the question whether action on a motion to lay on the table a motion to reconsider is under the rules a final disposition.

Mr. CHAVEZ. Mr. President, there is no Senator in this body for whose judgment I have greater respect than I have for the judgment of the Senator from California [Mr. KNOWLAND]. Nevertheless, I have made a motion, based upon a record vote of this body, to reconsider the vote by which the motion of the Senator from California to lay on the table the motion of the Senator from Louisiana was agreed to. There is nothing wrong with that. I have the greatest affection for the Senator from California, but I was absent when the vote was had. I want to do my duty in this body as much as any other Senator wants to do his duty. I did not vote on the motion.

All I ask is that the Senate reconsider the motion of the Senator from California to lay on the table the motion of the Senator from Louisiana [Mr. LONG].

I was not in the Chamber, Mr. President. Perhaps it is my fault that I was not present. Nevertheless I was not in the Chamber. I am now making a motion that the motion to table be reconsidered.

Of course, I do not know how the Senate will vote on the motion. Perhaps it will vote the way the Senator from California believes it should vote. That would not hurt my feelings. I feel, in all sincerity, that my motion is well taken, notwithstanding what the Senator from California has stated to the Vice President with respect to the rule. I believe I am in order in making the motion to reconsider the motion of the Senator from California to table the motion of the Senator from Louisiana. That is all I am asking for.

Mr. KNOWLAND. Mr. President, I renew my point of order that the action of the Senate was final.

Mr. MAYBANK. Mr. President, since the Senator from California has raised a point of order and has read from the rules, I wish to know whether the Chair is ready to rule.

The VICE PRESIDENT. The Chair is ready to rule.

The Chair has read the rule to which the Senator from California has referred, and the Chair is of the opinion that the language of the rule is clear; namely, that—

Every motion to reconsider shall be decided by a majority vote, and may be laid on the table without affecting the question in reference to which the same is made, which shall be a final disposition of the motion.

The Chair does not believe any language could be less equivocal.

Therefore, the Chair sustains the point of order raised by the Senator from California.

Mr. ROBERTSON. Mr. President, in view of the fact that the acting majority leader has said there are, on his side of the aisle, Senators who wish more ma-

turely to consider and discuss the pending measure, and not to have it voted on this afternoon, I desire to ask unanimous consent that the Senate set the vote for 3 p. m. next Monday. That will give ample notice to Senators who are away, and will give all Members of the Senate an opportunity to read the limited hearings held by the House committee on this measure. No hearings have been held on it by the Senate committee, and not a single witness of a Government agency which would be involved was invited to testify on the issue at the House committee hearings. Senators should realize that at a time when we are committed to reducing the number of jobs in the Government service, it is now proposed that there be created a new group of jobs, in the interest, so-called, of small business, and to pay the administrator \$17,500 a year, which is more than the salary of a Senator, more than the salary of a member of the Board of Governors of the Federal Reserve Board, more than the salary of the Chairman of the Federal Deposit Insurance Corporation, and more than the salary of the Comptroller of the Currency. Moreover, the administrator of the agency is to have 3 assistants, each at a salary of \$15,000 a year, which is as large as the salary of a Senator. Furthermore, it is proposed to provide the new administrator with an indefinite number of so-called advisers, technicians, and experts, who would not be subject to civil service, and would be paid whatever salary the administrator wished them to receive.

Mr. KNOWLAND rose.

Mr. ROBERTSON. I yield to the acting majority leader. I hope he will make a friendly gesture.

Mr. KNOWLAND. Mr. President, in view of the statement made by the Senator from Virginia, because of our desire to accommodate all Senators, and since we have now had an opportunity to have discussion of the conference report, the text of which will be printed in the CONGRESSIONAL RECORD, along with the debate, and will be available to Senators, as the acting majority leader I would be willing to enter into an agreement to have the vote taken on Monday afternoon, at 2 o'clock, with the time preceding the vote to be equally divided between the proponents and the opponents.

Mr. ROBERTSON. Mr. President, I appreciate that friendly gesture, because it may save my life, for tonight I must drive into the mountains of Virginia.

So I accept the amendment of the Senator from California to my proposal.

Mr. CAPEHART. Mr. President, if the Senator from California will yield to me, let me say that in order to keep the record straight, I wish Senators would pay close attention at this time, because we try to be factual.

The Senate voted for a continuation of the Small Defense Plants Administration, with an Administrator to receive an annual salary of \$17,500. The Senate voted for a continuation for 2 years of the Small Defense Plants Administration, with an authorization of an appropriation of \$150 million.

The pending conference report eliminates the Small Defense Plants Administration and eliminates the Administrator of that Administration, at a salary of \$17,500, and eliminates the authorized appropriation of \$150 million.

So no new positions would be added as a result of adoption of the conference report, which provides for a new agency by name—the Small Business Administration—and there would not be a newly created administrator.

The appropriation authorized if the conference report were adopted, would be increased by only \$100 million, not by \$250 million, because the Senate has already authorized an appropriation of \$100 million for this agency; and the conference report, if agreed to, would result in the addition of an appropriation authorization of only \$100 million.

Let us keep the record straight. Let us not confuse the issue or create a belief that it is proposed that a new agency be established. It is true that the agency will be new in name, but at the same time we shall be eliminating an existing agency, one for which we already have authorized appropriations of \$150 million. The provision in the conference report proposed to substitute for that authorization an authorization of an appropriation of \$250 million, which will be an increase of only \$100 million, not an increase of \$250 million.

Furthermore, no new positions would be created.

Mr. ROBERTSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Virginia will state it.

Mr. ROBERTSON. Did I yield; and, if so, to whom, and for what purpose?

The VICE PRESIDENT. The Senator from Virginia has the floor.

Mr. MAYBANK. Mr. President, I understood that a unanimous-consent agreement was proposed.

Mr. ROBERTSON. Mr. President, while I have the floor—I shall yield in a moment—I ask, in keeping with the suggestion made by the distinguished acting majority leader, unanimous consent that the vote on the pending measure be taken on next Monday, at 2 o'clock, and that the acting majority leader may state the division of the time.

Mr. KNOWLAND. Mr. President, I would be willing to agree—of course, I can speak only for myself, but I would urge all Members of this side of the aisle to agree, also—to a unanimous-consent proposal along the line of the general suggestions made by the Senator from Virginia, namely, that when the Senate meet at noon on Monday next—and, in fact, it would be my proposal to have the Senate take a recess until Monday, at noon—the time be divided equally between noon and 2 p. m., so that there would be 1 hour for each side, with the vote to be taken at 2 p. m.; and with the hour for the opponents to be controlled by the distinguished senior Senator from South Carolina [Mr. MAYBANK], the ranking minority member of the Banking and Currency Committee; and with the other hour to be controlled by the distinguished senior Senator from In-

diana [Mr. CAPEHART], the chairman of the Banking and Currency Committee.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield for a question?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. Does the acting majority leader anticipate that the usual routine business could be transacted for 20 or 30 minutes immediately after the Senate convenes on Monday?

Mr. KNOWLAND. I would prefer that the procedure on Monday be that which already has been suggested. After 2 o'clock there would be ample time for Senators to present routine matters for the RECORD.

So I prefer to have the Senate consider the unanimous-consent agreement which already has been proposed. Certainly we have tried to accommodate one another.

In view of some of the statements which have been made, I am inclined to believe that on Monday all Senators might feel a little better.

Under these circumstances, I shall be glad to agree to the proposed unanimous-consent agreement.

Mr. ROBERTSON. Is it proposed that the time to be allotted under the agreement begin at 12 o'clock on Monday?

Mr. KNOWLAND. Yes; immediately following a quorum call.

Mr. ROBERTSON. Mr. President, I renew my request for a unanimous-consent-agreement, as explained by the acting majority leader regarding the time available for debate and the division of the time.

Mr. CHAVEZ. Mr. President, will the Senator from Virginia yield one moment to me?

Mr. ROBERTSON. I yield two moments to the Senator from New Mexico. [Laughter.]

Mr. CHAVEZ. I should like to make a brief observation.

The Senator from Indiana has stated that there is a little confusion, and that there is no intention to create a new agency. We believe that is a correct statement. The only difference between Senators on this side of the aisle and Senators on the other side of the aisle is that under the pending proposal and the philosophy of the moment the Administrator would be paid \$17,500, whereas Senators on this side of the aisle had proposed that the Administrator be paid \$12,500.

The VICE PRESIDENT. Is there objection to the proposed unanimous-consent agreement?

Mr. HENDRICKSON. Mr. President, reserving the right to object, I should like to ask a question: What will happen to the remainder of the measures on the calendar in view of the fact that the calendar call which we began today has not been completed?

Mr. KNOWLAND. Under those circumstances, the call of the calendar would still remain uncompleted. Perhaps following the disposition of the conference report on Monday, we might resume the call of the calendar, if other

important proposed legislation is not then ready for action.

However, Mr. President, I wish to state that I desire to have Senators be on notice that if controversial matters, such as appropriation bills—if such bills can be considered controversial—or if the submerged lands bill, under the statement I previously made, or if other important measures are ready for action, we shall then proceed to act upon them.

Thereafter I would propose that the Senate resume the call of the calendar.

Mr. HENDRICKSON. I thank the Senator from California.

Mr. CHAVEZ. Mr. President, if the Senator from California will yield to me for a moment, I should like to say that I desire to get along with Senators on both sides of the aisle, and I think I generally do.

Some Senators on this side of the aisle, who will not be present on Monday, will certainly desire to vote on the conference report. I do not know how they intend to vote.

Therefore, will the Senator from California agree to amend the proposal, so as to have the vote taken on Tuesday, instead of Monday?

Mr. KNOWLAND. Mr. President, I should like to be able to accommodate the distinguished Senator from New Mexico, but it seems to me that in view of the very heavy schedule we have for next week, which may even require some night sessions, we should dispose of the conference report on Monday.

In view of all the statements which have been made, it seems to me that all Senators certainly will have ample notice, as a result of the articles which will be carried in the press and the notices which can be sent out by the minority and by the majority, so that there will be ample opportunity for Senators to be present on Monday.

Mr. CHAVEZ. The statement of the Senator from California is correct, but I have been told by Senators on the other side of the aisle that they would like to be free to attend to their private business, and therefore that they would prefer that the vote be taken on Tuesday, instead of Monday.

Mr. KNOWLAND. Frankly, I could not agree to that.

Mr. MAYBANK. Mr. President, reserving the right to object, I should like to ask the distinguished acting majority leader one question. We agreed to an hour for debate on each side. Would the acting majority leader suggest that a quorum call be had before that, or would he suggest that the Senate meet at 11 o'clock? I am anxious to see that each side has 1 hour.

Mr. KNOWLAND. What I would say in regard to Monday is that, if it were any other day, I would propose that the Senate meet an hour earlier; but I would be willing to say that, when the Senate meets at 12 o'clock, we will have a quorum call, the time not to be charged to either side; and that, following the quorum call, each side, as I previously indicated, will have 1 hour.

Mr. LANGER. Mr. President, reserving the right to object, I am not familiar with the conference report. I want to ask the distinguished Senator from California, does it or does it not abolish the Reconstruction Finance Corporation?

Mr. KNOWLAND. It does not abolish the RFC.

Mr. CAPEHART. Mr. President, I may say it has absolutely no reference to the RFC, in any respect. It does not abolish the RFC.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. Mr. President, I made a misstatement. It refers only to RFC by saying that RFC shall refer all small loans to the Small Business Administration.

Mr. SPARKMAN. I thank the Senator.

Mr. KERR. Mr. President, reserving the right to object, I should like to ask the distinguished majority leader whether, in view of the concession he has made with reference to the quorum call, and so forth, he would not be willing to agree that the vote would not start before 3 o'clock?

Mr. KNOWLAND. I may say to the distinguished Senator, it seems to me that we are very close to agreement.

Mr. KERR. That is the reason I ask the distinguished acting majority leader the question, because I happen to know that in 1 or 2 instances it would work quite a hardship for Senators to be here definitely by 2:30 instead of, perhaps, 3 o'clock. I can see no possible objection the distinguished Senator could have to amending the agreement so as to provide that the actual yea-and-nay vote will not start before 3 o'clock.

Mr. KNOWLAND. I will try—and I hope this will be the last modification of the suggestion—to accommodate the distinguished Senator from Oklahoma by consenting that the voting will not commence prior to 3 o'clock on Monday.

Mr. KERR. I thank the Senator.

The VICE PRESIDENT. Is there objection to the unanimous-consent request, as modified? The Chair hears none, and it is so ordered.

RECONSTRUCTION FINANCE CORPORATION

Mr. WILLIAMS. Mr. President, now that the pending question before the Senate is whether we shall establish another lending agency, I think it might be well, before the vote is taken, to examine what has been done under the old RFC.

Mr. Harry A. McDonald, the former Administrator of the Reconstruction Finance Corporation, in rendering his final report on Tuesday, April 28, 1953, for the 13 months in which he had served as the Administrator, included in his release the following statement:

Between March 1952 and April 1953 the Reconstruction Finance Corporation made 2,001 loans in the amount of \$334,479,000. * * * The vast majority of the loans made

by the Reconstruction Finance Corporation are for less than \$100,000 each and go to small business enterprises. In fact, in excess of 90 percent of the outstanding loans are under \$100,000 each and almost all of the RFC loans have gone to enterprises clearly identified as small business.

It has always been politically popular to justify the existence or the need for a continuation of the Reconstruction Finance Corporation on the basis that their primary function was to serve the small businessman. However, their record of operations in this direction is not as good as Mr. McDonald, the former administrator, would have the public believe.

Upon reading this report, I directed an inquiry to Mr. McDonald under the date of April 30, 1953, asking for a breakdown of the \$334,479,000 represented by the 2,001 to which Mr. McDonald referred.

On May 15, 1953, I received a report in which a list of all loans in excess of \$100,000 had been compiled. In this list there are 310 loans representing 89 percent of all the money that was loaned during the 13-month period.

This report completely explodes Mr. McDonald's claim that the small businessman has been reaping the major benefits from the Reconstruction Finance Corporation. On the contrary, it shows that:

First. One of these loans was for \$94 million and represented 28 percent of the total disbursements.

Second. Four borrowers received \$169,365,000 or over one-half of the entire amount loaned during the 13-month period.

Third. Over 63 percent of all the money loaned during Mr. McDonald's 13-month term of office was represented by loans in excess of \$1 million each and went to 36 borrowers.

In fact, of all the money loaned by the Reconstruction Finance Corporation under Mr. McDonald's administration, less than 11 percent went to the small-business man; for example, those borrowing less than \$100,000.

This report definitely proves that the Reconstruction Finance Corporation has outlived its usefulness as an instrument to aid small business and clearly demon-

strates that there is no need for the continuation of this discredited agency. If the Congress wishes to render the small-business man real assistance, the best way to do it would be through a more favorable consideration of the tax rates for the smaller corporations.

Mr. President, I am opposed to establishing another lending agency and most certainly oppose such action, while, at the same time, continuing the RFC.

I ask unanimous consent to have incorporated in the RECORD at this point a breakdown of each of all loans made in excess of \$100,000 by the RFC between the period of March 1, 1952, and March 31, 1953.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 23, 1953
June 22, 1953
83rd-1st, No. 113

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HIGHLIGHTS: House debated wheat-for-Pakistan bill. House passed legislative-judiciary appropriation bill. Both Houses received conference report on leave bill. Senate rejected conference report on economic controls bill and asked for new conference. Sen. Maybank criticized USDA's cottonseed price support reduction.

SENATE

1. ECONOMIC CONTROLS. Rejected, by 42-47, the conference report on S. 1081, economic controls bill, and requested a new conference with the House, instructing its conferees to strike out title 2 of the bill, to establish a Small Business Administration, and to substitute instead the Small Defense Plants Administration provision, as originally contained in the Senate bill. Sens. Capehart, Bricker, Bennett, Bush, Maybank, Fulbright and Robertson (same conferees as previously) were appointed as conferees (pp. 7150-60, 7171-74).
2. PERSONNEL. Passed H.R. 4126 to continue employee war-risk hazard and detention benefits until July 1, 1954, with an amendment substituting the language of S. 1458 as reported. The Judiciary Committee had previously been discharged from further consideration of H.R. 4126 (pp. 7176-77).
3. SUBMERGED LANDS. Debated S. 1901, to provide for U.S. jurisdiction over the submerged lands on the outer Continental Shelf (pp. 7175, 7178-84).
4. COTTONSEED; PRICE SUPPORTS. Sen. Maybank criticized the Secretary's order reducing the support price on cottonseed to 75% of parity and claimed that this was a forerunner of the same treatment to other farm products (p. 7175).
5. CATTLE INDUSTRY. Sen. Johnson stated that the cattle situation in Texas and the Southwest was "fast becoming desperate" because of the drop in cattle prices and the "most devastating drought the area has ever known", and inserted an Amarillo Globe-Times editorial on this subject (pp. 7184-85).

6. NOMINATION of Mrs. Katherine Howard as Deputy Federal Civil Defense Administrator was confirmed (p. 7207).
7. HOUSING. The Banking and Currency Committee ordered reported (but did not actually report) S. 2103, to amend the National Housing Act, with an amendment in the nature of a substitute (p. D590).
8. FOREIGN TRADE. Received the fifth annual report of the Tariff Commission on the operation of the trade agreements program, from July 1951 to June 1952 (p. 7160).
9. ELECTRIFICATION. Sen. Morse spoke on "The Cadillac Crusade Against Public Power," criticizing the Administration's public power policies, and claiming that private utility operators are out to dominate REA and TVA (pp. 7185-205). He also discussed the Secretary's and the REA Administrator's views on public power (p. 7196).
10. IRRIGATION. Received a California Legislature resolution urging direct loans to the districts of the Central Valley for construction of distribution systems in connection with their irrigation program (p. 7163).

HOUSE

11. FOREIGN AID. Began debate on H. R. 5659, to provide for the transfer of price-support wheat to Pakistan, and began reading the bill for amendment (pp. 7727-36, 7251).
Rep. Rooney stated that he would offer an amendment to H. R. 5659 requiring that at least 50% of the wheat be shipped to Pakistan in U. S. flag vessels (p. 7213). The same language is contained in S. 2112, the Senate companion bill.
12. PERSONNEL; LEAVE. Both Houses received the conference report on H. R. 4654, to amend the Annual and Sick Leave Act of 1951 (H. Rept. 629) (pp. 7165, 7214-7). The following are some of the more important provisions of the bill as reported from conference:
Section 202 of the Annual and Sick Leave Act is amended to provide that this title shall not apply to the following officers in the executive branch, including officers of corporations wholly owned or controlled by the U. S.: Persons appointed by the President and confirmed by the Senate, or by the President alone, whose rates of basic compensation exceed the maximum rate provided in the General Schedule of the Classification Act of 1949; persons receiving compensation in accordance with section 411 of the Foreign Service Act of 1946; and such other officers (except postmasters, U. S. attorneys, and U. S. marshals) as may be designated by the President.
The accumulated and current accrued annual leave to which any exempted officer is entitled immediately prior to the enactment hereof shall be liquidated by a lump-sum payment. An exempted officer again coming under the Leave Act shall be credited with the unused annual and sick leave standing to his credit at the time he was exempted.
Section 203 (c) is amended to provide that the annual leave provided for in this section, which is not used, shall accumulate for use in succeeding years until it totals 30 days at the beginning of the first complete biweekly pay period.
Section 208 (a) is amended to provide that the accumulated annual leave to the credit of an employee immediately following the end of the last complete biweekly pay period in the calendar year 1952, or the amount in excess



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WASHINGTON, MONDAY, JUNE 22, 1953

No. 113

Senate

(Legislative day of Monday, June 8, 1953)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Nathaniel C. Acton, St. Andrew's Church, College Park, Md., offered the following prayer:

Almighty God, who hast given us this good land for our heritage, we humbly bespeech Thee that we may always prove ourselves a people mindful of Thy favor and glad to do Thy will. Bless our land with honorable industry, sound learning, and pure manners. Save us from violence, discord, and confusion; from pride and arrogance, and from every evil way. Defend our liberties, and fashion into one united people the multitudes brought hither out of many kindreds and tongues. Endue with the spirit of wisdom those to whom in Thy name we entrust the authority of government, that there may be justice and peace at home, and that, through obedience to Thy law, we may show forth Thy praise among the nations of the earth. In the time of prosperity, fill our hearts with thankfulness, and in the day of trouble, suffer not our trust in Thee to fail; all which we ask through Jesus Christ our Lord. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., June 22, 1953.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. DWIGHT GRISWOLD, a Senator from the State of Nebraska, to perform the duties of the Chair during my absence.

STYLES BRIDGES,
President pro tempore.

Mr. GRISWOLD thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 18, 1953, was dispensed with.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES RECEIVED DURING THE RECESS—ENROLLED BILLS SIGNED

Under authority of the order of the Senate of the 18th instant,

The following message from the House of Representatives was received by the Secretary of the Senate, on June 19, 1953:

That the Speaker of the House of Representatives had signed the following enrolled bills, and, under the authority of the order of the Senate of the 18th instant, they were signed, on June 19, 1953, by the Vice President:

H. R. 1434. An act to amend the act of February 24, 1925, incorporating the American War Mothers;

H. R. 2113. An act to amend the act incorporating the American Legion so as to redefine (a) the powers of said corporation, (b) the right to the use of the name "The American Legion" and "American Legion";

H. R. 2456. An act to amend the act of October 11, 1951, authorizing the President to proclaim regulations for preventing collisions at sea, and for other purposes; and

H. R. 5069. An act to prohibit the introduction or movement in interstate commerce of articles of wearing apparel and fabrics which are so highly inflammable as to be dangerous when worn by individuals, and for other purposes.

REPORT OF A COMMITTEE SUBMITTED DURING RECESS

Under authority of the order of the Senate of the 18th instant,

Mr. MILLIKIN, from the Committee on Finance, reported favorably, with amendments, on June 19, 1953, the bill (S. 953) for the relief of Mary Thaila Wommack Webb, and submitted a report (No. 450) thereon.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 2347) to permit continued exercise, until 6 months after termination of the national emergency proclaimed December 16, 1950, of certain powers, relating to preferences or priorities in the transportation of traffic, under sections 1 (15) and 420 of the Interstate Commerce Act.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 4233) to provide for the naturalization of persons serving in the Armed Forces of the United States after June 24, 1950.

The message further announced that the House had passed a bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, in which it requested the concurrence of the Senate.

LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. TOBEY was excused from attendance on the sessions of the Senate from June 23 to July 7 on official business in connection with the investigation of crime in interstate commerce by the subcommittee of the Committee on Interstate and Foreign Commerce.

CALL OF THE ROLL

The ACTING PRESIDENT pro tempore. Under the unanimous-consent agreement entered into on Thursday, June 18, 1953, there is to be a quorum call at this time.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Bennett	Butler, Md.
Anderson	Bricker	Butler, Nebr.
Barrett	Bush	Byrd

Capehart	Hoey	Morse
Carlson	Holland	Mundt
Case	Humphrey	Neely
Chavez	Hunt	Pastore
Clements	Jackson	Payne
Cooper	Jenner	Potter
Cordon	Johnson, Tex.	Purtell
Daniel	Johnson, S. C.	Robertson
Dirksen	Kefauver	Russell
Douglas	Kennedy	Saltonstall
Duff	Kerr	Schoeppel
Dworshak	Kilgore	Smathers
Ellender	Knowland	Smith, Maine
Ferguson	Kuchel	Smith, N. J.
Flanders	Langer	Smith, N. C.
Frear	Lehman	Sparkman
George	Long	Stennis
Gillette	Magnuson	Symington
Goldwater	Malone	Taft
Gore	Mansfield	Thye
Green	Martin	Tobey
Griswold	Maybank	Watkins
Hayden	McCarran	Welker
Hendrickson	McCarthy	Wiley
Hennings	McClellan	Williams
Hickenlooper	Millikin	Young
Hill	Monroney	

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL] and the Senator from New Hampshire [Mr. BRIDGES] are necessarily absent.

The Senator from New York [Mr. Ives] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND] and the Senator from Colorado [Mr. JOHNSON] are absent on official business.

The Senator from Arkansas [Mr. FULBRIGHT] is absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

The ACTING PRESIDENT pro tempore. A quorum is present.

TEMPORARY ECONOMIC CONTROLS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

The ACTING PRESIDENT pro tempore. The unanimous-consent agreement entered into last Thursday, June 18, provided that after a quorum call this morning the Senate should resume the consideration of the conference report on Senate bill 1081, to provide authority for temporary economic controls, and for other purposes; that there should be a limitation of 2 hours of debate, to be equally divided between the proponents and the opponents, and controlled, respectively, by the Senator from Indiana [Mr. CAPEHART] and the Senator from South Carolina [Mr. MAYBANK].

(At this point Mr. FERGUSON, Mr. WILEY, Mr. LANGER, Mr. DIRKSEN, and Mr. MARTIN submitted various matters for the RECORD, all of which appear later in today's proceedings under the heading "Transaction of Routine Business.")

Mr. CAPEHART. Mr. President, I yield the floor to the able Senator from South Carolina [Mr. MAYBANK].

Mr. MAYBANK. Mr. President, I shall take only a few minutes on the pending conference report. I did not sign the conference report, and I am advised by the junior Senator from Virginia [Mr. ROBERTSON] and by the Senator from Arkansas [Mr. FULBRIGHT] that they did not sign the report either. Therefore no Democratic Senator signed the report.

I wish to make my position perfectly clear. I am in favor of small business, and always have been. I was a member of the Committee on Banking and Currency in 1942 when the Small War Plants Corporation was created. I was chairman of the committee when the present Small Defense Plants Administration was established.

I have the deepest appreciation for the chairman of my committee, the distinguished Senator from Indiana [Mr. CAPEHART], who in my judgment did a great job in handling the defense production bill which the Senate passed.

However, when the bill went to conference the House conferees were adamant in their position in favor of the bill as passed by the House, and so the bill for which the Senate had voted was, I might say, discarded. During the course of the conference the House conferees brought up a new small-business bill. In the House it was known as the Hill bill. The House tacked it on to the Defense Production Act and provided that \$250 million of money in the Treasury of the United States could be loaned by a new agency, the Small Business Administration. As my good friend, the chairman of the committee knows, none of the money need be loaned for defense production. It can be loaned, as the distinguished Senator from Oklahoma [Mr. MONRONEY] stated the other day, even to hair-dressing establishments, pool rooms, or for any other purpose.

Mr. President, I do not believe it is in the interest of good government to adopt such a plan. In my judgment permanent small-business legislation should be written by a legislative committee. I believe in permanent legislation for small business, but I do not believe it to be wise to provide that the \$250 million proposed to be made available to the new agency may be loaned for any purpose at all.

Mr. President, there is no way of knowing what the so-called Small Business Administration will cost but initially we are faced with the necessity of appropriating \$250 million out of the Treasury. The new agency would be governed by the Secretary of the Treasury, for whom I have the greatest respect, the Secretary of Commerce, for whom I have the greatest respect, and an administrator who has not yet been appointed. They could make loans up to \$250 million, \$100 million of which could be loaned in any way they might see fit.

No check has been provided on the expenses of the new organization, and nothing is said as to how many officers may be appointed, or where the office of the organization shall be located.

We know that the RFC has not been abolished. There are before the committee bills introduced by the Senator from Virginia [Mr. BYRD], the Senator from Ohio [Mr. BRICKER], and other Senators to abolish the RFC.

Under the provision in the conference report the RFC would turn over to the new Small-Business Administration applications for loans of \$100,000 or less. We do not know what small-business experience the members of the new organization may have. We do not know even where their office will be located. Not a line of testimony on those subjects has been taken before any Senate committee.

I have been in Congress for a short time, compared with the service of some other Members of the Senate, such as the distinguished senior Senator from Georgia [Mr. GEORGE], but I have been here since 1941, and this is the first time in my experience I have ever seen permanent legislation written in a conference report without hearings first being had on a measure. As the distinguished chairman has indicated hearings have been held on several measures but not on the provision under discussion, and the Committee on Banking and Currency has not reported any of those bills.

So I hope the Senate will not adopt the conference report. I see no savings of taxpayers' money. I can see only waste and extravagance. I can only look down the road, at least for the next year, and discover two lending organizations, because the provision in the conference report does not abolish the RFC. It abolishes nothing. It just duplicates.

I hope the Senate, consistently with its dignity and the great power it has, will not approve a conference report which was more or less forced on us by the House.

I will say for my chairman—and he can correct me if I am wrong—that he did not believe in the provision at first, because it was the Senate bill which he tried to get through conference.

I hope the Senate will not agree to the conference report.

I yield 3 minutes to the Senator from Virginia; then I shall yield to the Senator from Mississippi [Mr. STENNIS].

Mr. ROBERTSON. Mr. President, I wish to associate myself with the views expressed by the former chairman of the Committee on Banking and Currency [Mr. MAYBANK], the senior Democratic Senator on the conference committee. He, the Senator from Arkansas [Mr. FULBRIGHT], and I all refused to sign the conference report.

Mr. President, I am opposed to the Hill bill as a rider to this conference report for the following reasons:

First. The bill is pending before the Senate Banking and Currency Committee, which has had no opportunity to conduct hearings or maturely consider it. But we also have a number of somewhat similar bills before the same committee on which we have conducted hearings and which, in my opinion, are to be preferred to the Hill bill.

Second. No Government agency dealing with loans to business has been permitted to testify.

Third. The bill duplicates the expense of the RFC and places the RFC in a position where its operating expenses will be increased because it must turn over to the new agency all loans under \$100,000.

Fourth. The lending powers of the new agency far exceed anything we have ever had before in Government. There is no limitation on the type of loan that can be made and the new agency can even furnish managerial advice, assistance, and so forth, which the Government has never attempted before.

Fifth. The salaries provided for the top officials are excessive and no limitation is placed upon how many new employees may be taken on.

Sixth. The agency can create many high-priced offices not subject to civil-service restrictions and no limitation is imposed on the number of jobs from \$10,000 to \$12,000 which the administration may create, although such a limitation is imposed by law on all departments.

Seventh. The \$250 million which is authorized for the agency will be added to the public debt since the Treasury is now operating in the red.

Eighth. The agency can intrude upon the jurisdiction of other agencies with respect to qualifications of those who secure defense contracts. The agency is authorized to contract with the Government and then sublet the contract to private interests. That is an unsound principle.

It is a proposal which was contained in the Small Defense Plants Administration Act, to which the other Government agencies last year strenuously objected, and it was therefore eliminated from the bill. Incidentally, the Small Defense Plants Administration is to be permitted to expire; and the proposed Small Business Administration is to take its place. The new agency would be authorized to enter into contracts with the Government, and then to sublet such contracts to private interests. This, as I have said, is an unsound principle. Under the proposal in the conference report a defense contract might be sublet by the new agency to an agency of the Defense Department, and thus we would have the situation of one Government agency transferring a contract to another Government agency.

Mr. CAPEHART. Mr. President, will the Senator from Virginia yield to me?

Mr. ROBERTSON. I yield.

The ACTING PRESIDENT pro tempore. The time of the Senator from Virginia has expired.

Mr. JOHNSON of Texas. Mr. President, let me inquire whether the Senator from Virginia desires to have additional time.

Mr. ROBERTSON. I should like to have 1 more minute. If additional time is made available to me, I ask the Senator from Indiana to make his question brief, please.

Mr. JOHNSON of Texas. Mr. President, I yield 2 additional minutes to the distinguished Senator from Virginia.

The ACTING PRESIDENT pro tempore. The Senator from Virginia is recognized for 2 minutes more.

Mr. CAPEHART. Mr. President, I am perfectly willing to have the colloquy between the able Senator from Virginia and myself charged to the time available to me.

The able Senator from Virginia knows that the Small Business Administration, as proposed to be established under the conference report, would in general take over all the functions and all the authority the Small Defense Plants Administration now has. The able Senator from Virginia just stated that the new agency would be able to make contracts with the Government, and would be able to sublet those contracts. I point out that the Small Defense Plants Administration has had that right, and has been operating in that way, for the past 2 years. So there is nothing at all new about such a procedure; and title 2 of the conference report is word for word the same as the corresponding portion of the law under which the Small Defense Plants Administration has been operating.

In other words, the new agency will be given the authority possessed by the old one.

Mr. ROBERTSON. If the Small Defense Plants Administration ever sublet a Government contract, I never knew of it. Such a principle is unsound, and should not have been followed.

As the Senator from Indiana will recall, the Small Defense Plants Administration measure was added as a rider to the Defense Production Act at about 4 o'clock in the morning, although there had been no hearings on the proposal. Now it is proposed to make confusion worse confounded by a rider which is worse than the other one.

In the committee we considered the objections of the Secretary of Commerce and of others, and we eliminated some of the worst features of the old act. Then the Senator from Alabama [Mr. SPARKMAN] brought up the proposal in the Senate Chamber, at 3 or 4 o'clock in the morning, and submitted it as an amendment to the Defense Production Act, where it had no place to be. The proposal now before us has no place to be there, either.

Mr. President, I am sorry I have only 1 more minute, and I shall have to use it to complete the statement of my objections to the conference report.

Finally, as I stated on the floor last Thursday, this measure violates all the Republican campaign promises of last fall with respect to economy, a balanced budget, a reduction of taxes, a reduction in Government personnel, and a reversal of the trend to paternalism.

This conference report should be rejected and returned to the conferees, who then can eliminate this rider, and can report to us all that the administration asked in connection with a continuation of the Defense Production Act, namely, a continuation of the powers of allocation of strategic materials.

Mr. President, I yield back the remainder of the time allotted to me.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distin-

guished junior Senator from Mississippi [Mr. STENNIS].

The PRESIDING OFFICER (Mr. PAYNE in the chair). The Senator from Mississippi is recognized for 5 minutes.

Mr. STENNIS. Mr. President, whether to abolish the RFC or to continue it as a governmental lending agency, and on what scale, is a highly important and far-reaching question that should be determined only after full hearings and thorough consideration by the Congress. The pending measure for all practical purposes adopts a new policy as to governmental loans to small business, and uses, I submit, indirect methods of accomplishing this new policy. The Congress sorely needs the benefit of full hearings and more mature consideration of this question.

I strongly feel that the needs of the country require an effective "little RFC" that will be directed and operated by men who are conscious of the problems of the little-business man, and who will be primarily interested in meeting the financial needs of the little-business man in fields not served by private finance. The pending conference report makes the lending agency therein designated purely a subordinate agency whose policy is directed by an advisory board composed of men who are charged with many other varied and grave responsibilities. Their duties to this lending agency will be purely incidental to their primary duties. They will have little or no time to give it attention, and I believe this system will make the agency largely ineffective. Unless there is available an effective lending agency to which

The little-business man may have recourse for valid and legitimate loans, then little business and the entire economy are bound to suffer.

For several years it was my fortunate experience to serve on the board of directors of a small-town bank. I know from personal experience that there are many sound, legitimate loans that cannot be handled by the local banks because of the necessity of long-time financing. The situation is exactly the same in many of our small cities and even in the larger cities. Thus thousands of enterprising small-business men will be absolutely cut off from an opportunity to expand their business unless there is some agency to which they can resort when they wish to procure sound, legitimate loans.

In Mississippi we have an outstanding example of an RFC loan that enabled a new industry to be started within the heart of the consuming market for the manufactured product, that is, nitrogenous fertilizer. In 1945 and 1946 natural gas was available in Mississippi. Natural gas is one of the cheapest forms of fuel and power man has yet discovered. Right in the heart of the greatest consuming area for nitrogenous fertilizer in all the world we had available that source of power, which could be used in connection with the manufacture of nitrogenous fertilizer. But our people did not have sufficient funds with which to construct a plant for that purpose.

In 1947 several hundred farmers of a large area in Mississippi, Alabama, and Louisiana put up four and one-quarter

million dollars in capital stock for the erection and operation of a chemical plant to manufacture fertilizer, but they could not obtain the additional necessary operating capital from local banks nor from the large financial centers of the Nation. Finally the RFC loaned this chemical company \$3,349,000. The plant has operated for 2 years, is highly successful, and is retiring its loan ahead of schedule. The name of this company is Mississippi Chemical Corp., of Yazoo City, Miss. Since that time two large, well-established manufacturers of nitrogen fertilizer have also located plants in this area, thus also bringing their source of supply of this product close to the consuming market. As a result the area has a thriving industry, the market is well supplied but not oversupplied, and the price to the consumer has been placed nearer the cost of production, with much transportation cost eliminated. This loan by the RFC can stand the closest scrutiny as to sound business principles.

Mr. President, I submit that as a classic example of a very thriving industry now serving the consumers, and using a natural product which comes out of the ground at almost the identical spot where the plant is established. That plant could not have been erected, and would not have been erected, but for the comparatively small loan which was made by the RFC.

Before that agency is either directly or indirectly abolished or curtailed, I think there should at least be extensive hearings and the most mature consideration, having in view the adoption of a proper continuing policy for the making of legitimate, sound loans of that type.

Mr. ROBERTSON. Mr. President, will the Senator from Mississippi yield to me?

Mr. STENNIS. I am glad to yield, if I have time to do so.

The PRESIDING OFFICER. The time allotted to the Senator from Mississippi has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 2 additional minutes to the distinguished Senator from Mississippi.

Mr. STENNIS. I thank the Senator from Texas.

I now yield to the Senator from Virginia.

Mr. ROBERTSON. In addition to the comment made by the Senator from Mississippi about the very sound loan made by the RFC to a worthwhile plant in Mississippi, let me point out that the original RFC Act, framed by President Hoover, and enacted during his administration when the Nation was confronted with the great depression, provided definite limitations, with a view to the soundness of the loans thus made.

Is it not a fact that the RFC now has but eight categories of loans; namely, first to business enterprises—not more than 10 years, with proper security and when funds are not available from other sources; second, to railroads and airlines; third, to financial institutions—including insurance companies with approval of the Secretary of the Treasury; fourth, to municipalities or other public agencies such as school or water dis-

tricts; fifth, for disaster relief—storms, floods, and so forth; sixth, for civil-defense installations recommended by Civil Defense Administration—hospitals with shelter areas, and so forth; seventh, to small business under the Defense Production Act; eighth, for defense purposes certified by the Office of Defense Mobilization as essential.

Are not those the limitations placed upon the present lending agency, which, especially during the depression years, have enabled it to render a very worthwhile service?

Mr. STENNIS. The Senator from Virginia is so well versed on this subject that I am sure he has correctly presented to the Senate the facts.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I am very happy to yield to the Senator from California.

Mr. KNOWLAND. I should like to ask the Senator from Indiana a question which I think it important to have cleared up at this point. As I understand, there is a deadline of June 30 on the existing War Powers Act, unless action is taken to extend it before that time. Am I correct about that?

Mr. CAPEHART. I may say the act is not now known as the War Powers Act, but as the Defense Production Act. The deadline is midnight, June 30. In other words, the legislation must be approved by both Houses and signed by the President by midnight, June 30; otherwise, all legislation having to do with war materials, and other materials which are highly important both to the general economy and to the military, in particular, will expire.

Mr. KNOWLAND. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. Regarding the control of strategic materials, was there information before the committee and before the conferees to the effect that the Defense Department and other responsible agencies of the Government felt it to be essential that the controls on strategic materials be continued?

Mr. CAPEHART. Yes. The legislation under consideration has to do with title I and title II. Title I has to do with the war effort, or the defense effort, 100 percent; and it is highly important that it be continued. There has been no testimony to the contrary. I think there is not a single Senator who would not agree that it ought to be continued. Title II has to do 100 percent with the creation of a new agency, to be known as the Small Business Administration, an agency which is designed to take over the functions and authority and records of the Small Plants Administration, which Administration is to be discontinued on June 30, it having been in existence now for about 2 years.

Mr. KNOWLAND. Mr. President, if the Senator from Indiana will yield further, I have an additional question. In the event the conference report, which already has been unanimously approved by the House, should be rejected by the Senate, it would first go back to conference. The conferees might or might not agree; or they might become deadlocked

and unable to report back before the expiration date of June 30. In that event, unless the Congress were to permit expiration of the law dealing with the very important extension of controls over strategic materials, I assume it would then be necessary to pass some kind of continuing legislation with respect to the existing law. If that were done, could the Senator indicate to us what additional controls would have to be extended, over and above those which appear in the conference report and in the law as it will be under the conference report.

Mr. CAPEHART. Title I, which we are now considering, covers all the legislation that is needed at the moment in connection with the military effort. Every feature of title I would have to be extended beyond June 30; otherwise, the Defense Department might find itself in a very embarrassing position since, without this legislation, it would be unable to secure the critical and strategic materials which it now needs and must have. There would be no legislation whatever on the subject.

Mr. KNOWLAND. I realize that. But the point I want to stress is that, in the event the conference report were rejected and returned to conference and the conferees were unable to agree, and the deadline came upon us, we would then either be without what the executive branch of the Government and the defense authorities feel to be essential legislation, or we would be required to pass an extension of some type.

Mr. CAPEHART. It would be necessary for us either to extend the titles and sections of the existing law covering strategic materials and other things for a period of time, or to pass title I of this particular bill. But we would in that event be confronted with the same situation as that in which we now find ourselves, namely, that the House conferees would not agree to it.

Mr. KNOWLAND. We would then be faced with the problem of honest differences of opinion which might exist in the respective Houses of Congress, resulting in the offering of amendments, and a feeling that the bill was not in the shape in which the Members of each House would like to have it, and there would be the probability that we would probably again overrun the deadline.

Mr. CAPEHART. Yes. Let me say this is the first time in the history of the Nation that an effort has been made to create a permanent agency to deal exclusively with all problems of small business. As the Senator knows, the RFC dealt with big business, municipalities, railroads, and utilities, as well as with small business. But small business was a secondary matter in respect to the functions of the RFC when it was first organized. This is the first time in the history of the Nation that it has been proposed to create an agency to deal 100 percent with all problems of small business in peacetime as well as in wartime.

The amount of loans is limited to \$100,000. I am unable to understand why any Senator should be opposed to assisting small business. How could Senators on the other side of the aisle

who are favorable to small business vote against this measure? It affords the first opportunity in the history of the Nation to establish an agency for the exclusive purpose of assisting all small business. What is all the argument about? Why do Senators object? The Small Defense Plants Administration has been in existence for 2 years. All the authority and responsibility of the Small Defense Plants Administration is to be vested in the new agency, and, in addition thereto, the new agency is authorized to lend up to \$100,000 to the small-business men of the United States.

A statement was made today by a Senator on the other side of the aisle which is not supported by the RECORD. I am sure the Senator had been furnished with an erroneous statement of the facts. He stated that the measure now before the Senate would require an additional appropriation of \$250 million. The act which was passed by the Senate, and which is now in effect, extending the Small Defense Plants Administration for 2 years contained an authorization for \$150 million. For the Small Business Administration, with which we are dealing today, there is an authorization of \$250 million, or an additional \$100 million. It is not \$250 million additional, as Senators apparently would like us to believe. An additional \$100 million is provided. I think the provision was passed unanimously by the Senate and, had the House conferees agreed, we would be authorizing \$150 million under SDPA. We now take the \$150 million which the Senate has already acted upon, and transfer it to SBA, the new agency, and we add thereto another \$100 million. We are therefore talking only about an additional \$100 million, not about \$250 million; and we are talking about erecting, for the first time in the history of the Nation, an agency to deal exclusively with all problems of small business.

Another statement was made today to the effect that the new agency will have the right to take Government contracts and sublet them. That is 100 percent correct, but the Small Defense Plants Administration has had that right for the past 2 years, and it has been doing that. The only thing that is new in this proposed legislation is that we on this side of the aisle are trying to do something constructive for small business for the first time in the history of the United States, instead of merely talking about it as our friends have been doing for the past 20 years. We want to help small business and it is proposed to establish this agency for the purpose of doing that.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I wish some Senator on the other side of the aisle would tell me why Democrat Senators are opposed to this measure.

I now yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, I was chairman of the committee for 4 years, and I should like to say that the only reason why I did not sign the report was that I thought the provision with

regard to small business should be in the form of separate legislation. We did not hold extended hearings in connection with it. We took the SDPA extension to conference. The House had adopted language providing for a permanent agency to be in existence forever and ever, and to cover the loaning of \$250 million. No hearings were held as to the cost of operation of the new agency or where its offices would be located. Above all, I object to the revolving-fund provision.

Mr. CAPEHART. Outside the Federal Reserve Act, I know of no legislation which Congress has passed that designated the number of offices and where they would be located.

Mr. MAYBANK. I hope Congress changes its mind with reference to this matter.

Mr. KNOWLAND. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. I should like to ask the Senator, who is chairman of the conference committee, if it is not a fact that if we do not agree to the conference report, we not only would lose what are considered to be necessary controls over strategic materials for the war effort, but also there might be some question as to whether separate legislation could be passed with reference to the small business. I invite the attention of the distinguished Senator from Indiana to the fact that immediately following the conference report it is proposed to take up title III of the submerged-lands bill. We also have on the calendar waiting consideration the Interior Department appropriation bill and mutual-aid legislation. Furthermore, proposed housing legislation is in the immediate offing. We have to consider the civil functions appropriation bill and a whole line of appropriation bills which will follow. So a situation might arise which would jeopardize the necessary efforts for defense in connection with strategic materials, and also the first effort which has been made specifically to take care of small business.

I should like to ask the Senator from Indiana if it is not a fact that in the event some changes should be found to be necessary in the Small Business Administration provision of the report Congress subsequently could consider it, and if it wanted to make, for example, the Small Business Administrator the chairman of the board of three, rather than the Secretary of the Treasury, it could be done by subsequent legislation, and we would at least have made an effective effort for the benefit of small business?

Mr. CAPEHART. Yes. We on this side of the aisle are doing something specific. We are setting up an agency to take care of small business exclusively, to loan up to \$100,000. We are doing something rather than merely talking about it.

Why anyone should object to it, I do not know. Some Senator may object on the ground that the amount should be \$200,000 instead of \$100,000. If that is one of the objections, an amendment can be offered to take care of it at any time.

Some objection has been made to the fact that the Board consists of the Secretary of the Treasury, the Secretary of Commerce, and the Administrator. That, to my mind, is a minor matter. It is an effort to look after the affairs of small business. I do not know that we could find any more honest men than are the Secretary of the Treasury and the Secretary of Commerce. I would have felt the same way about it when Mr. Snyder was Secretary of the Treasury and Mr. Sawyer was the Secretary of Commerce.

So, Mr. President, I wish Senators would tell me what their objections are. I know they are in favor of small business, because they have been talking about it for 20 years. We are trying to establish a separate agency to help small-business men and lend them up to \$100,000 each. What is the objection? Is it that Senators on the other side of the aisle do not want to help small business, or do they mean what they say? We now have an opportunity for the first time, at least, since I have been a Member of the Senate—and I have been here almost 9 years, to do something specifically for small business on a permanent basis. We are trying to establish a permanent small-business agency. Here it is. It is not tied into anything else. To what do Senators object? Is it some minor detail? If that be the case, we can correct it later. They certainly cannot object to the principle and the idea of a loaning agency to lend money to small-business men.

Mr. LANGER. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. LANGER. Is it not a fact that the average loan by RFC is approximately \$25,000?

Mr. CAPEHART. I will say to the Senator that we found over 90 percent of the 63,000 loans made to business by RFC since its inception in 1932, were less than \$100,000.

Mr. LANGER. It is my understanding that the average loan made by the RFC has been approximately \$25,000. In my State it is impossible to go to the average bank and get a loan of \$40,000, \$50,000, or \$75,000, because the banks are not equipped for making such loans. The present law has been of great benefit to the State of North Dakota. I wrote letters to all the leading bankers of my State at the time the distinguished Senator from Virginia [Mr. BYRD] offered a bill providing for the discontinuance of RFC. The answers were overwhelmingly in favor of keeping RFC in operation. That is why I asked the Senator on Friday what this bill would do to RFC, and the Senator stated that it did not abolish that agency.

Mr. CAPEHART. I said it would have no effect on RFC. Then, I remember, I said I had made a misstatement and that it established a new agency to take care of applications for loans to small business.

Mr. LANGER. Mr. President, will the Senator from Indiana yield further?

Mr. CAPEHART. I yield.

Mr. LANGER. It is my understanding that the RFC has been very success-

ful, aside from half a dozen or so bad loans. It has made a profit of \$600 million or more. For the life of me, I cannot understand why we are getting rid of it.

Mr. CAPEHART. We are not getting rid of it in this bill.

Mr. LANGER. A few days ago the Senator said this bill would abolish the RFC.

Mr. CAPEHART. Oh, no. The only connection between this proposed legislation and RFC is that it directs the RFC to refer to the new agency all small-business loan applications. The RFC continues. It has been in existence since 1932.

Mr. LANGER. I thank the Senator from Indiana.

Mr. CAPEHART. I shall not consume any more time at the moment. I shall be glad to yield time to any Senator who wishes to speak. I shall be glad to yield part of my time to Senators on the other side of the aisle, if they wish to accept the time and tell us just why they are opposed to the bill. I do not know how they can be opposed to it, because it is designed to help small business. They should not be opposed to it, because, I repeat, Congress is setting up, for the first time in the history of the Nation, a permanent agency to deal exclusively with small business. Just what is the objection to the measure?

Mr. President, I admit this is not a perfect bill. I have never seen any perfect legislation. I suspect that as time goes on we may wish to amend the law. It may be found that a \$100,000 loan limit is not sufficient; that the amount ought to be \$150,000. It may well be decided that the board created to establish the overall policies of the Small Business Administration should be composed of 5 members instead of 3. Perhaps there should be a different kind of board. But those are not reasons for voting against helping small business. Simply because Senators do not like the board is no excuse for voting against the bill. Do Senators believe that the loan limitation ought to be \$150,000 instead of \$100,000? What are their objections?

The Small Business Administration will take over all the responsibility and authority of the Small Defense Plants Administration, a body which Congress on two occasions has approved.

The bill provides only an additional \$100 million for small business, because there is a \$150 million authorization in the Small Defense Plants Administration, which may be transferred to the Small Business Administration. What are the objections to the bill?

No one is claiming that this bill eliminates the RFC. There is no provision in the bill for the elimination of RFC. What are the objections?

If Senators wish to object on the ground that they are opposed to the Government being in the direct lending business, that is something else. If they believe that the Nation should not have the RFC or any other kind of direct lending agency, that is an entirely different subject. But, if Senators believe that the Government should lend money

to small business, then they should be for the bill. If they believe the Government should not be in the lending business, they will be opposed to it. But that does not seem to be the argument of our good-natured friends on the other side of the aisle.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. Is it not also the general principle of the bill that every encouragement shall be given to potential borrowers to borrow through normal channels? It would be only in unusual circumstances that borrowers would use the Government facilities.

Mr. CAPEHART. The bill specifically provides that no loan can be made to anyone if he can secure funds from any private source on reasonable terms. Furthermore, he must submit documentary proof that he was unable to secure a loan from anyone else. For example, if he makes application to a bank, and the bank turns him down, he must get a letter from the bank stating that it would not lend him the money. If he goes to 25 banks, he must get letters from the 25 banks. If he goes to an insurance company to obtain a loan, and the insurance company declines to lend, he must get a letter from the insurance company. The language of the bill protects the Government. It denies the Government the right to make a loan except on documentary proof that the borrower cannot secure the funds from any other source. But if an application is approved, the borrower can obtain up to \$100,000.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. What are the restrictions upon the RFC as to loans?

Mr. CAPEHART. For all practical purposes, the restrictions on the RFC are the same as those provided in the pending bill on the Small Business Administration. One could not obtain an RFC loan until he had satisfied its Board of Directors, and later the single Administrator. The Administrator must satisfy himself that the borrower cannot secure funds from any other source.

Mr. WILLIAMS. Am I correct in my assumption that, if the conference report is agreed to, there will be in effect two RFC's, both operating under the same rules?

Mr. CAPEHART. The Senator is correct. I have to be frank and honest enough to say that that is correct, except that under the proposed legislation the RFC must refer all loan applications from small business to the Small Business Administration. So while two agencies would be lending money, the Small Business Administration would be lending sums up to \$100,000, and the RFC would be making loans of other types.

Mr. WILLIAMS. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. How would a situation be handled in which an applicant applied for a loan of \$125,000, and the RFC decided that the applicant was

worthy of receiving only \$80,000? How would the RFC manage to transfer such an application to the other agency?

Mr. CAPEHART. If an application for \$125,000 were made to the RFC by a small-business concern, the application then would be transferred to the new agency. There can be no question about that.

Another objection raised on the floor of the Senate is that a new organization would be created, when there is at present the Small Defense Plants Administration, which has an administrator, a great many officers, and I do not know how many employees. The bill would authorize transfer of those employees and officers of the SDPA to the new SBA.

The SDPA is 100 percent a wartime organization, twice voted for by Congress to assist small business in securing war orders.

SBA would go beyond that. It would retain the principal powers of SDPA and go one step further in that the new agency would have authority to lend money for civilian purposes and to provide other help for small-business men along civilian lines.

So I believe Senators on the other side of the aisle who are opposed to the measure ought to think twice, because I am certain they do not wish to be placed in a position of voting against small business. It seems to me that anyone who is opposed to the conference report must be opposed to setting up a permanent agency to help small business exclusively.

I have been a Senator for 9 years, and constantly during that time I have heard that Congress must help small business. I agree. Now we have an opportunity to create an agency to help small business, but Senators on the other side of the aisle say, "We are not interested; we are opposed to the bill, on the ground that it has flaws." Is the objection that the bill ought to read this way or that way? That words ought to be turned around? That there ought to be a different kind of Board?

What is the reason why Senators oppose the bill? Is it because it is proposed to eliminate SDPA and establish the new SBA? If that is the reason, why not say so? What is the reason? I cannot find any reason for the objections. I can well understand Senators being opposed to any kind of agency of this type. Many honest persons believe that the Federal Government ought not lend money or be in the direct lending business. I can well understand that opposition. But I simply cannot understand why Senators who say they wish to help small business and believe there ought to be an agency to aid small business desire to vote against the pending measure.

Mr. President, unless some other Senator wishes to ask me questions or desires me to allocate him some time, I yield the floor.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the distinguished Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. President, the distinguished chairman of the Committee on Banking and Currency has very

properly asked why Senators on the Democratic side of the aisle are opposed to the bill. Frankly, I say that we believe the bill offers only a phony patent medicine. It is Doc CAPEHART's old Indian herb tonic that is being brought forward, and it is supposed to help small business, because it says so on the label.

Mr. CAPEHART. Mr. President, I rise to a point of order. I do not believe the Senator from Oklahoma intended to refer to me as a faker. I ask that the Senator's remarks be stricken from the RECORD. I am certain the Senator did not mean to say what he did. If he did mean it, I ask that the Senator be required to take his seat.

Mr. MONRONEY. Mr. President, I did not say that the distinguished Senator from Indiana was a faker or was deceitful.

Mr. CAPEHART. The Senator said that I was dispensing patent medicine and referred to me as "Doc CAPEHART." I am frank to tell the Senator that I think that was unnecessary. I do not like it. I think the inference was that I was a faker.

Furthermore, the able Senator from Oklahoma knows that I did not write the bill. It did not originate in the Senate; it did not come from the Senate Committee on Banking and Currency. The bill was written in the House and was passed by the House. I had nothing to do with originating the proposed legislation. If it is a fake, it is a fake on the part of the House of Representatives, and the Senator ought to direct his remarks to the other House and say that the 435 Members of the House who voted for the bill, not once, but twice, are 435 fakers. Is that what the able Senator would like to say?

Mr. MONRONEY. If the distinguished Senator from Indiana wishes to withdraw any responsibility or support for the proposed legislation I am perfectly willing to withdraw my remarks. I should be perfectly willing to withdraw from my remarks the reference to him, but in answer to his question as to why some of us are not interested in the provision which he says is in behalf of small business, I will say that to the mind of the junior Senator from Oklahoma the piece of legislation which the Senator from Indiana has presented has the appearance of a patent-medicine Indian herb tonic that says it is good for small business because of what is stated on the label. I am sure the distinguished Chairman of the Senate Committee on Banking and Currency will agree, that it is the worst kind of legislation that could be brought in under a gag rule in the House of Representatives and under a gag rule in the Senate.

It was not possible to dot an "i" or cross a "t." It was not possible to do anything to it that would change the legislation as it was passed down from on high by the distinguished members of the House Committee on Banking and Currency.

In the House the parliamentary situation was such that it was not possible to do anything by way of improving the proposal, and in the Senate we are estopped from doing one thing to im-

prove it, in spite of the study the distinguished Senator's committee has made on several bills in the interest of small business.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MONRONEY. In a moment I will yield. I wonder why the Senate does not have the capacity and why the distinguished members of the Senate Committee on Banking and Currency have not been accorded the courtesy of acknowledging that they possess the qualifications and the judgment and genius of a coordinate body of a bicameral legislative system; surely they can draw up a satisfactory measure in behalf of small business.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MONRONEY. If the Senator will take the time out of his time.

Mr. CAPEHART. I shall be happy to yield 3 minutes of my time to the able Senator.

Let me say, Mr. President, that "Doctor" MONRONEY is likewise dealing in some patent medicine, because "Doctor" MONRONEY knows just as well as every other Member of the Senate knows that there is nothing unusual about what is to be done with this conference report. He knows that every report must be voted up or voted down. I am sure that "Doctor" MONRONEY does not desire to leave the impression that, so far as procedure is concerned, there is any difference between this conference report and any other conference report that comes to the floor of the Senate.

If we are to deal in patent medicine, let us not do it on the floor of the Senate by making statements in an effort to leave the inference with the people that there is any difference between this conference report and any other conference report. There is no gag rule in the manner in which this conference report is being handled. The procedure is the same as in the case of every other conference report that comes to the floor of the Senate. So let us not mix patent medicine into this debate.

Mr. MONRONEY. I will say to the Senator, the "doctor" on the other side of the aisle, that what the conferees have done is to perform a major operation.

The conference has amputated, dissected, and removed all the vitals of the bill as it was passed by the Senate and approved by the distinguished Senator's committee, including the 90-day freeze to prevent inflation, among other things.

Then the "body" comes back to the Senate completely transformed. It has perhaps a few fingers or toes of the Senate bill. All the rest of the corpus delicti has been cut off in the House by a stange line of parliamentary situations.

I am sure the Senator realizes these did not permit any amendment whatsoever to be added or considered by the 435 Members of the House who the distinguished Senator says were so greatly concerned with the "body" they now have laid in front of the Senate.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MONRONEY. I will if the Senator will yield me the time.

Mr. CAPEHART. It is to be taken out of my time. I am so bighearted and generous that I will let it be taken out of my time.

Of course, the Senator knows that the House conferees—seven of them—agreed to the particular legislative proposal now being considered, that they took it back to the House, and the House agreed. He also knows that on two occasions the House passed legislation like that which the Senate is now considering. He knows that, does he not?

Mr. MONRONEY. Will the Senator yield to me to reply?

Mr. CAPEHART. Yes.

Mr. MONRONEY. Does the distinguished Senator, the chairman of the Senate Committee on Banking and Currency, believe that the House can improve the legislation by cutting away what came from the Committee on Banking and Currency of the Senate, and from the Senate itself? I gather from his remarks that he thinks this is an improved bill, because the Senate has not been able to try its hand in helping small business.

Mr. CAPEHART. Mr. President, what I am seeking to ascertain is what there is about the report to which the Senator from Oklahoma is opposed. Every Senator has a right to question the conference report, and if Senators criticize it, and it is rejected, I, as chairman of the conferees, will be delighted to take it back to conference, and see what can be done. My point is, what is there objectionable about the provision which has been agreed to by the House of Representatives on two occasions unanimously, I believe, and if I am in error I hope someone will correct me. When the House has approved the proposed legislation twice unanimously, if the Senate does not like the measure, it can vote the conference report down and send it back to conference.

Mr. MONRONEY. I feel we would be adopting a strange system of legislating if we short circuited our own Senate committee and said that the Senate had not sufficient sense to draft a bill which would assist small business.

I also feel disappointed that the issue of fear has been raised on the floor of the Senate in an effort to cause us to buy a bottle of patent medicine in haste.

Mr. CAPEHART. We are not saying it is necessary to buy anything; we are merely trying to find out what Senators do not like about the report.

Mr. MONRONEY. First, I say it is a bad way to legislate. Are we to have a unicameral system, and abolish the Senate? I am not in favor of that.

Mr. CAPEHART. The objection the Senator has is not to the legislation, but to the way it has been handled, is it?

Mr. MONRONEY. If the Senator will hear me out, I shall be glad to come to other points of objection.

Second, I feel that the Senate should not be blackjacked into taking this patent-medicine bottle because there is left a little bit of the control act. We may have to take a microscope to find out what has been left of that act.

The third objection I have is that the bill is not a small-business bill. In the

first place, it puts a limit of \$250 million on the lending power of the new small-business lending facility. It puts a limit of \$100,000 on a loan that can be made to small business. Assuming that small business got the maximum amount of loan, there would be available credit for only 2,500 small-business establishments in the entire United States.

I might call to the attention of the Senator from Indiana the fact that 73 percent of the loans that have been made by the RFC, on the recommendation of the Small Defense Plants Administration, have exceeded \$100,000. That is why I say that since the Senator has disassociated himself from the patent-medicine contention that this is a small bottle of patent medicine—

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. MONRONEY. Mr. President, will the Senator from Texas yield me 3 more minutes?

Mr. JOHNSON of Texas. I yield to the Senator from Oklahoma 3 minutes.

Mr. MONRONEY. While the bill puts a ceiling of \$250 million on loans to small business, it does not give small business an opportunity to go to two sources of credit. Now, small business has available \$100 million in small-business loans and access also to the RFC for extra credit. So, instead of giving help to small business, we are actually withdrawing \$2 billion worth of credit in RFC to which it now has access.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. The distinguished Senator from Oklahoma has referred to the work which the Committee on Banking and Currency has done and is doing on this subject. If we close the door by adopting the conference report, will we later have the benefit of the work which the committee is doing?

Mr. MONRONEY. Mr. President, that is an excellent question, and I will say in answer to it that we have before us permanent legislation, on which we will vote at 3 o'clock today. It is highly doubtful that we will ever get around to any corrective amendments or improvements such as the distinguished chairman of the committee may wish to make.

Let me say also that, in addition to wiping out access to \$2 billion worth of credit, there is an added phony in the bill. Because of the effect which will be felt by small business under the terrible stresses of greatly tightened commercial credit due to a very unwise Federal interest policy, small business will need more credit—not less credit in the months to come.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MONRONEY. I shall be glad to yield on the Senator's own time.

Mr. CAPEHART. I believe the Senator wants the Record to be correct. He spoke about eliminating \$2 billion worth of credit. The RFC is still in existence. It can still lend money.

Mr. MONRONEY. The junior Senator from Oklahoma stated that that would be the effect because Congress in

this measure would provide that not more than \$100,000 could be loaned to any one borrower. That is not the case under the present law. One is able to go through the Small Defense Plants Administration and have access to the big banker, the RFC, the one open window for credit that is available when all other commercial credit is closed to small business.

With the gathering of storm clouds, amounting to almost financial disaster, because of the rapidly ascending Government interest rates, small business will need such an open window to prevent the cries for socialization of credit which will arise before 6 months or a year have rolled around.

Mr. President, let us look at the small-business agency for which the Senator from Indiana pleads so hard. Who will be on the Board of Directors? Who will run it?

The Secretary of the Treasury is to be the Chairman. The other members are to be the Secretary of Commerce and the Administrator. I read from the bill on this Board's powers:

Such general practices shall, among other things, provide standards for the granting or denial of financial assistance by the administration and for the exercise of power as enumerated in this act.

Who are the Board of Directors? The Chairman is the Secretary of the Treasury, Mr. Humphrey, who is the author of the tight-money policy. Who is his first assistant?

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. MAYBANK. I yield 2 more minutes to the Senator from Oklahoma.

Mr. MONRONEY. Who is to be his first assistant? The Secretary of Commerce, Mr. Weeks, one of the great financial geniuses of the Boston banking field. Is that the kind of board to whose tender mercies we can submit a small war plant and have it feel that it is being heard by men of its own kind and by its friends?

What power rests in the Board of three? The only man who could conceivably be of small-business origin, and who could conceivably be there for the purpose stated on the patent-medicine bottle, namely, for the benefit of small business, is the Administrator.

I repeat, Mr. President, it is a bad bill. It is ill-considered. It represents the very worst legislative gags in the passage of legislation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. MAYBANK. I merely wish to correct my distinguished friend the junior Senator from Oklahoma by saying it is not a bill. He said it was a bad bill. It is not a bill. It is a conference report.

Mr. MONRONEY. It is a part of the "body" that has been sent over and attached to other parts which we had sent to the House in the form of a production control measure. It is the wrong way to legislate. It will disappoint people who think Congress is doing something for small business. If the provision as to loans not exceeding \$100,000

is left in the bill the agency will have authority to help 2,500 small businesses. I suggest that Dr. CAPEHART and all the other doctors on the other side of the aisle will have to do a great deal of explaining when the decision is made as to which saloons, which pool halls, which bowling alleys, and which similar businesses shall receive loans, and why not more than 2,500 businesses can get relief, and why \$2 billion of credit was lost which formerly was available.

Mr. MAYBANK. Mr. President, I yield 2 minutes to the Senator from Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, I desire to register my strong disapproval of title II of the pending conference report. If for no other reason, the conference report should be defeated because of the manner in which title II was placed in the bill as a rider by the House. I know of no more objectionable method of legislating than to attach a rider to a bill that has a termination date such as Senate bill 1081, which we are now considering, relating to authority for temporary economic controls, which expire on June 30, 1953.

The argument is being made that the conference report must be jammed through because of the fact that the temporary economic control bill, on which the rider was added, expires on June 30 next.

What the House has done in this instance is to attach the so-called Hill bill to the economic-control bill. The Hill bill had already passed the House, and is now pending before the Senate Committee on Banking and Currency. That committee should have an opportunity to examine the Hill bill and to decide, on its merits, whether it should be recommended to the Senate, or rejected. The committee had no opportunity to consider the Hill bill prior to the time it was attached to the House as a rider to the economic-control bill.

Title II should be defeated as well for other reasons. The title sets up a permanent loaning agency for the first time in our history. I challenge the proponents of the legislation to point to any lending agency which has ever before in the history of our country been the subject of permanent legislation, such as is being done under the proposed title II.

The RFC was established as a temporary agency and had expiration dates. It was first extended for the 1 year at a time, and then for 2 years and so on. The last extension provided for an expiration date for the powers of the RFC on June 30, 1954. The existing agency provided Federal loans to small businesses, heretofore confined to plants engaged in defense work, and likewise was established on a temporary basis, which legislation expires on June 30, 1953.

So our distinguished colleagues on the other side of the aisle are establishing for the first time a permanent agency staffed with costly personnel, the head man to be paid \$17,500 a year, with deputies, each of whom shall receive \$15,000 a year. The agency would have unlimited authority to employ other personnel, such as field officers, experts,

and consultants, and would have the right to contract for reporting services. In other words, it can contract with some outside agency for reporting services, something which I have never seen provided for in any other bill. All of it is to be done without regard to the civil-service law or any other law.

It has been shown in the debate that under the pending legislation establishing the permanent new agency there is no question of public interest in the making of the loans. At the present time, under the law now in existence, loans to small business are made for defense purposes. In the proposed legislation there is no standard set up under which loans shall be made. As the Senator from Indiana stated the other day, they could be made to hairdressers, breweries, barrooms, or to any other business in this country, regardless of whether that business is of importance or not from the standpoint of public interest. The provision will require an appropriation of \$250 million at a time when we are running a heavy deficit without and, let me say regretfully, without any immediate prospect of balancing the budget, although that was an issue in the last campaign, and the present administration pledged itself, when they came into power, to balance the Federal budget at the earliest possible date.

One remarkable provision of the legislation authorizes a direct appropriation of \$100 million for the purpose of permitting the agency created under this bill, known as the Small Business Administration, to make contracts with other branches of the Government for the procurement of supplies, and then to sublet the contracts to firms as it pleases.

Mr. MAYBANK. Mr. President, I yield 3 more minutes to the Senator from Virginia.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). The Senator from Virginia is recognized for 3 minutes more.

Mr. BYRD. Mr. President, I repeat that one remarkable provision of the conference report is that it authorizes a direct appropriation of \$100 million, for the purpose of permitting the agency created by means of the conference report, known as the Small Business Administration, to make contracts with other branches of the Government for the procurement of supplies; and then the Small Business Administration could sublet those contracts as it pleased. In short, a revolving fund would thus be established. A billion dollars' worth of such contracts could readily be issued in a short period of time, because when the money was returned to the revolving fund, it could be used again.

Mr. President, this is one of the most remarkable provisions I have ever known, in that one Government agency would be able to make contracts with other Government agencies to furnish supplies, and then could sublet those contracts to private industry.

Mr. CAPEHART. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD. I do not have sufficient time to yield.

Mr. CAPEHART. For that purpose I yield to the Senator from Virginia 1 minute of the time available to me.

Mr. BYRD. Very well; I yield.

Mr. CAPEHART. The Senator from Virginia has called attention to the provision whereby the new agency would have \$100 million as a revolving fund. The Senator from Virginia says that is most unusual. I point out that that portion of the conference report is exactly the same as the corresponding portion of the law which has been in effect for almost 2 years. The present agency has been operating in this way for the past 2 years. When the Senate passed the bill about 3 weeks ago, that very language was included as a part of the provision relative to the Small Defense Plants Administration.

Mr. BYRD. Mr. President, the Senator from Indiana did not understand what I said. I said this will be the first time that \$100 million has been specifically authorized for such a purpose.

Mr. CAPEHART. But a similar provision was contained in the bill which was enacted last year.

Mr. BYRD. No, last year's bill did not contain a specific authorization for that purpose.

Mr. MAYBANK. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD. I yield.

Mr. MAYBANK. First, Mr. President, I yield to the Senator from Virginia 1 minute of the time available to me.

Let me point out that last year's bill, as referred to, was the Defense Production Act, which had a life of 1 year.

Mr. BYRD. The bill to which the Senator from Indiana referred was, as the Senator from South Carolina has just said, the Defense Production Act. It was entirely different from the measure we are now considering. However, even the Defense Production Act did not contain a direct authorization for such a use of funds.

The PRESIDING OFFICER. The time available to the Senator from Virginia has expired.

Mr. CAPEHART. Mr. President, I yield to the Senator from Virginia an additional minute of the time available to me.

Let me say that I hold in my hand the Defense Production Act of 1950, as amended. On page 56 the following provision appears in section 714:

The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50 million outstanding at any one time.

That is exactly what will be done under the conference report we are now discussing.

Mr. BYRD. That provision is for defense production purposes, and is entirely different from the authorization we are now discussing. Nothing in the authorization proposal in the pending conference report would require that the loans be solely for defense production purposes.

The PRESIDING OFFICER. The time available to the Senator from Virginia has expired.

Mr. MAYBANK. Mr. President, I yield to the Senator from Virginia an additional 2 minutes.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 2 minutes more.

Mr. CAPEHART. Mr. President, will the Senator from Virginia yield further to me?

Mr. BYRD. I yield.

Mr. CAPEHART. Let me point out that there are two parts of this measure. There will be loans for civilian use and funds to let SBA take prime contracts from the Government and sublet them to small business. The \$100 million authorized by this act for contracts will be handled in exactly the same way that the corresponding fund under the Small Defense Production Act of last year was handled.

Mr. MAYBANK. Mr. President, it is understood, I believe, that I have yielded an additional 2 minutes to the Senator from Virginia.

The PRESIDING OFFICER. Yes; that is understood.

Mr. BYRD. Mr. President, the Senator from Indiana has not answered my question, for I referred to the \$100 million authorization, which would not be for defense-production purposes. In other words, the \$100 million could be used by this agency of the Government to make contracts for any purpose, and then those contracts could be sublet, if there were need to do so.

Mr. President, I wish to repeat that the conference report opens up a new field for Government employment; it sets up a permanent agency of the Government, which would pay high salaries; and it authorizes the employment of an unlimited number of experts and consultants, and authorizes contracts for reporting services without regard to the civil-service law or any other law. Other authority provided by the conference report for the new agency would soon establish it, with a costly personnel, as a permanent fixture of the Government.

So, Mr. President, I hope the Senate will reject the conference report by a substantial majority.

Mr. President, at this time I ask unanimous consent to have printed in the RECORD, as a part of my remarks, a statement explanatory of the provisions of the conference report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BYRD

1. Section 203 defines a small business as one independently owned and operated "not dominant in its field." People, dollar volume, or just about anything else can be used as a criteria for determining this domination. In other words the definition can be anything.

2. Section 204 (a) makes this agency a permanent independent establishment with principal offices in Washington and with authority to establish branches anywhere and everywhere it chooses.

3. Section 204 (b) establishes a revolving fund of \$250 million to be made available

by the Treasury upon demand by the agency for the following purposes:

(a) To make loans or advances to small business to finance plant construction, conversion, or expansion, including acquisition of land, acquisition of equipment, facilities, machinery, supplies, and materials; and to supply them with working capital for manufacture of articles, equipment, supplies, and materials for defense or civilian purposes. (These loans may be made direct or in cooperation with banks, which may participate on an immediate or deferred basis.) (The sum of the loans is limited to \$100,000.)

(b) This \$250 million to the extent of \$100 million may be used by the small-business agency itself to enter into contracts with other Government agencies for the purpose of subletting these contracts or a portion of them to small business.

This money may be used also for the purpose of providing so-called small business with technical and managerial aids through advice and counsel with respect to Government procurement, cost accounting, methods of financing, business insurance, accident control, wage incentive, and methods engineering.

4. Section 204 (c) authorizes an administrator to be appointed by the President at \$17,500 a year, and 3 deputies at \$15,000 a year.

5. Section 204 (d) establishes a small business advisory board composed of the Secretary of the Treasury, Secretary of Commerce, and the Small Business Administrator to establish general policies and provide standards for: (1) granting and denying financial assistance; (2) exercising the lending functions.

6. Section 205 (b) (3) authorizes the Small Business Administrator to "deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit any real property conveyed to or otherwise acquired by him in connection with the payment of loans."

7. Section 205 (6) authorizes unlimited temporary employment of experts, consultants, contract reporting services without regard to civil service or any other law.

8. Section 206 among other things directs Federal Reserve banks to act as depositories, custodians and fiscal agents for the Small Business Administration.

9. Section 208 requires the RFC to obtain approval, if not other action, by the Small Business Administration on requests for loans from small business, and the definition of small business set up in this bill to be kept in mind.

10. Section 209 authorizes all Government agencies to let all contracts to the Small Business Administration whenever the Administration says it is competent to perform on the contract.

11. Section 210 (a) provides up to \$5,000 fine or imprisonment for up to 2 years, or both, for willful overvaluation of security against loans by the Administration.

12. Section 211 sets up a small business FEPC. It empowers the Administration, whenever it determines to do so, to: (a) Make a complete inventory of all productive facilities of any or all small-business concerns which can be used for defense production.

13. Section 212 requires all Government departments, before issuing any orders or formulating any policies affecting small business as defined by the act, to get clearance for such orders or policies from the Small Business Administration.

14. Section 213 (a) directs coordination of all Government procurement by the Small Business Administration;

(b) Empowers Small Business Administration to obtain information from the Government's prime contractors as to the methods and practices they use;

(c) Empowers the Administration to determine within any industry which concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises are to be designated as small business;

(d) Empowers the Administration to determine the competency of small businesses;

(e) Opens the files of all agencies of the Government to the Administration with respect to its activities related to procurement, financing of procurement, or production;

(f) Requires all suppliers of material to furnish the Administration upon its demand information pertaining to their method of filling and the bases for allocating their supply for purposes of this act;

(g) Authorizes the Administration to advise Federal agencies as to action which should be taken to "insure a fair and equitable share of materials, supplies, and equipment to small business";

(h) Empowers the Administration to advise Government agencies for insuring that small businesses receive fair and reasonable treatment; and

(i) Empowers the Administration to establish an unlimited number of advisory boards and committees to aid in the achievement of the purposes of this act. The number of these boards and committees is not only unlimited but presumably the membership of them will be determined by the Administration. The matter of compensation for these boards and committees is significant by its omission.

15. Section 214 directs Government agencies to accept and let contracts with "combines" of small businesses formed under the sponsorship of this Administration, which is the sole judge of the capacity and credit of these "combines" of small businesses.

16. Section 215 empowers the Administration to determine what awards and contracts to small businesses are in the interest of mobilizing the Nation's full productive capacity, or are in the interest of national defense, and requires that upon this determination awards and contracts shall be made to small business.

17. Section 216 requires the Administration to report semiannually the names of business concerns to which contracts have been let and for which financing has been arranged. Report "shall include also such other information and such comments and recommendations as the Administration may deem appropriate." Under this language the report could deal with these concerns individually as well as collectively with reference to the information it publishes and the comments and recommendations it makes.

18. Section 217 empowers the Administration to investigate and report on the effect of price, credit, and other controls imposed under war or defense programs in terms of discrimination or undue hardship to small business.

19. Section 218 (a, b, c, and d) provides for voluntary agreements between the President and representative concerns to "further the objectives of this bill" and excludes these agreements from both the antitrust laws and the Federal Trade Commission Act.

20. Section 219 (a and b) authorizes the President to transfer any or all functions, powers, and duties of any or all other Federal departments and agencies "relating primarily to small business problems."

21. Section 222 authorizes to be appropriated "such sums as may be necessary and appropriate" to carry out the act. This apparently includes not only the \$250 million revolving fund, but also all other funds which may be "necessary and appropriate."

Mr. MAYBANK. Mr. President, how much time is still available to me?

The PRESIDING OFFICER. The Senator from South Carolina has 18 minutes remaining, and the Senator from Indiana has 25 minutes remaining.

Mr. SALTONSTALL. Mr. President, I should like to ask several questions of the Senator from Indiana.

Mr. CAPEHART. I yield 5 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 5 minutes.

Mr. SALTONSTALL. Mr. President, I have received several telgrams and telephone calls from responsible small-business leaders in Massachusetts, and in other areas of New England, who believe that title II of the conference report is not good, in that it provides for an advisory committee.

I should like to ask two questions of the chairman of the committee:

First, if the conference report is rejected, and if a further conference is requested, but if no new legislation on this subject is enacted by July 1, what will happen to the Small Business Administration, as now proposed?

My second question is this: In the opinion of the Senator from Indiana, will the proposed advisory committee have the power to direct the Small Business Administration, or will it be only advisory, with the result that the Small Business Administration, as now proposed, will be independent?

Mr. CAPEHART. The first question is, What will happen if there is no new legislation on this subject by June 30? Of course, in that event, except for purposes of liquidation, the Small Defense Plants Administration will go out of existence on June 30, at midnight.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. MAYBANK. That will not happen if the Senate conferees insist that the agency not go out of existence. I favor the continuation of the agency, and the conferees on the part of the House also favor its continuation.

Mr. CAPEHART. But the question is, What will happen if there is no new legislation on this subject? I am trying to be factual about the matter. I say that if there is no new legislation on this subject, for all practical purposes the Small Defense Plants Administration will go out of existence at midnight on June 30, and there will be no legislation whatsoever to authorize the military authorities to proceed in the way now proposed to secure strategic materials. There will be no legislation in regard to the so-called V loans, which are loans to the military effort for production purposes.

The other question was whether the advisory board—to be composed of the Secretary of the Treasury, the Secretary of Commerce, and the Administrator—is to be solely advisory, or is to be an operating or directing board.

In all fairness I must say that the board will determine the general policies of the new agency. So the board is not to be just an advisory board.

Mr. SALTONSTALL. It is to be a directing group, is it?

Mr. CAPEHART. It is to be a directorate which will establish the policies of the Small Business Administration. Then the Administrator will follow those policies.

Mr. SALTONSTALL. If the Board does not like the way the Administrator is functioning, the Board can change his operations, can it?

Mr. CAPEHART. Yes, by a majority vote of the three members of the board, who will be the Secretary of the Treasury, the Secretary of Commerce, and the Administrator. They will have the power to change the policies and to make new ones. They can decide the overall policies and operation of the agency.

Mr. SALTONSTALL. Is it not the opinion of the Senator from Indiana that it would be wiser to have the new Small Business Administration more independent, if it is to function in the best interests of small business?

Mr. CAPEHART. I do not know whether that is a fair question to ask the chairman of the conference committee.

I would be perfectly willing to have a different kind of board established. I would be perfectly willing and contented to let these matters be determined by the Administrator, as is done under the present Small Defense Plants Administration statute.

However, I see nothing bad about the present proposal. I think there must be some sort of board. I cannot think of a better board than one composed of the Secretary of the Treasury, the Secretary of Commerce, and the Administrator. I believe those three men would be just as honest and conscientious as any other three men who might be appointed or selected.

Mr. SALTONSTALL. Will the arrangement now proposed be helpful to small business?

Mr. CAPEHART. I do not think there can be any question but that it will be helpful to small business.

Mr. SALTONSTALL. In the opinion of the chairman of the committee, is the arrangement now proposed the best that can be obtained between the two Houses of Congress?

Mr. CAPEHART. It is the best the conferees were able to obtain. I cannot say what would happen if the conference report were rejected by the Senate. I know that on two occasions the House has passed legislation of this sort.

The natural conclusion would be that, if the Members of that body twice voted that they wanted a specific piece of legislation, they had pretty well made up their minds that they wanted it.

Mr. SALTONSTALL. I thank the Senator.

Mr. KNOWLAND. Mr. President, will the Senator from Indiana yield for a question?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. Is it not a fact that when this matter came before the House by way of a conference report, the House unanimously approved the report?

Mr. CAPEHART. That is correct; and all seven of the House conferees approved it.

Mr. MAYBANK. Mr. President, if the Senator will yield, I may say in justice to the House that the members wanted to accept the report, because they usually hold to the view of the majority, and the Republican majority of the House was in favor of the bill.

Mr. CAPEHART. I may say in fairness that the conferees on the part of the House, consisting of 4 Republicans and 3 Democrats, went to conference with a record behind them of the House having twice voted favorably on this legislation; once, I think, unanimously.

Mr. MAYBANK. But the Senate conferees went to conference with a recommendation from our chairman that they do the best they could. The Republican conferees finally gave up. I did not give up, and I did not sign the report.

Mr. CAPEHART. I believe the House voted twice on the legislation. If I am in error, I trust that someone will correct me.

Mr. MAYBANK. The Senator is entirely correct.

Mr. CAPEHART. Let me repeat—and again, if I am in error, I trust someone will correct me in the RECORD later—that the House passed this legislation unanimously on two different occasions.

Mr. MAYBANK. Mr. President, I yield 1 minute to the Senator from Oregon, unless he requires more than that.

Mr. MORSE. Mr. President, in the past 8 years, I have noticed, time and time again, the very interesting strategy used in the Senate, by which an attempt is made to gain the votes of Senators who know that the legislation upon which they are to vote is not good legislation. They are given the ready rationalization that, because of the pressure of time, it is the best that can be obtained, and that, if what is submitted is not taken, then an important law will expire at the end of the month. I have never been able to reconcile myself to the ethics of that kind of strategy, because I do not think it to be in the public interest. I think the Senate owes a duty to the people of the country to defeat this piece of legislation this afternoon, and to see what happens when the existing legislation expires.

Mr. President, if there is exercised in the Senate of the United States the courage which should be manifested by the doubters, those who really do not want to vote for the legislation but who are, so to speak, being blackmailed into doing so on the basis of the argument, "If you do not vote for this, then you are not going to have anything at all," they would stand firm. I should like to hear them say, "Very well; we will wait to see what the House will do."

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. Mr. President, will the Senator yield me another half minute?

Mr. MAYBANK. I yield further to the Senator.

Mr. MORSE. Mr. President, in that event the House would soon change its attitude in conference, and we would get a bill which we could really support in principle.

Let me make one more comment. It is in regard to another rationalization that we have heard on the floor of the Senate. The question is asked, "Do you think this would be good for small business?" Let me say, as one who is going to vote against agreeing to the conference report, I am satisfied that the little businessmen of America are being taken in by this bill, and that it is not for their good. We need a small business set-up composed of men who, in the first place, know something about small business, and who have the interests of small business at heart—men who do not sit on a so-called advisory board as the stooges and the tools of big business.

With pride I shall vote against agreeing to the conference report on this bill for the reason that, in so doing, I shall know that I am voting in the interest of the small business of the country.

Mr. MAYBANK. Mr. President, I yield 3 minutes to the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. President, I shall not support the conference report. I am opposed to establishing another RFC, or another lending agency, until we first decide what we will do with the old one. I will support the report if we strike out the loan authority granted under this bill, or if the committee will incorporate a provision terminating the old RFC at a reasonable early date.

If the Congress wishes to aid the small-business man I repeat what I said last Thursday; namely, give him more favorable tax consideration. I pointed out last Thursday that over 89 percent of all money loaned under the RFC goes to the large borrowers; with just four companies getting over one-half of the entire amount.

Mr. MAYBANK. Mr. President, I yield 5 minutes to the junior Senator from New York.

Mr. LEHMAN. I think I shall need about 8 minutes.

Mr. MAYBANK. I yield 8 minutes to the Senator from New York.

Mr. LEHMAN. Mr. President, I have been a member of the Committee on Banking and Currency of the Senate, of which the distinguished senior Senator from Indiana is chairman. He has been a fair, conscientious, and impartial chairman. We conducted hearings which lasted for many weeks, with something less than 200 witnesses, on a bill that we hoped to report favorably, a bill that would in the first place continue emergency controls, and a 90-day freeze within the sole discretion of the President of the United States. Why there should have been objection to granting that emergency power to the President of the United States I have never been able to understand. It simply does not make sense to me, when I think of the contingencies with which we may be confronted during the next 7 years, and possibly during the next 7 months, in regard to the threat of aggression on the part of our Soviet enemies. When the bill to which I refer, which was reasonably satisfactory,

came to the Senate floor, it was emasculated by vote of the Senate. When it went to the House, the few remaining teeth in what was already a substantially toothless bill were extracted. So that, so far as the bill, as a means of controlling inflation and of imposing a freeze on prices, wages, and rents, during the period of emergency was concerned, it was largely useless. But there was another very great purpose in our deliberations. It was to continue the activities and the purposes of the Small Defense Plants Administration, in the protection and promotion of small business. Then, Mr. President, I know of no purpose more important to the welfare of the country and of the economy, than the protection and promotion of small business in this country. Big business can take care of itself; small business, in most cases, cannot. It was the purpose of the Committee on Banking and Currency to provide for the protection of small business, through the means which we set out in our bill. In our bill, a bill which was introduced in the Senate, we set up a small business administrator, who was to head an agency independent in character, answerable only to the President of the United States. In the conference report that has come to us from the House, all of that is completely scrapped. Yes, the term "administrator" remains, but the powers, responsibilities and duties of the administrator have been completely changed.

Mr. President, instead of having an administrator of an independent agency answerable, as I have said, only to the President of the United States, we have an administrator subject to the will of a so-called advisory committee. Mr. President, I have no objection to an advisory committee. When I was governor of my State, we had many advisory committees. When they maintain their position as advisory committees they may be very useful, but when the function of an advisory committee is changed from that of being advisory to that of being administrative, then, of course, it is bad government and it completely hamstring and destroys the functions, responsibilities, and duties of the administrator.

This so-called advisory committee, which is not an advisory committee in a million years, consists, first, of the Secretary of the Treasury, second, the Secretary of Commerce, and, away down along the line, the Administrator. That means that the Administrator becomes nothing but a functionary. He must do the bidding of the majority members of the so-called advisory committee which is not an advisory committee at all. What makes it worse, Mr. President, is that the Secretary of the Treasury and the Secretary of Commerce have the right to deputize others to represent them on this so-called advisory committee.

So, Mr. President, the Administrator has no powers whatsoever with reference to the advisory committee. Neither the Secretary of the Treasury nor the Secretary of Commerce has shown any great interest, so far as I know, in the problems of small business. But they

are paramount on the so-called advisory committee, and the Administrator, who we thought would really be in control of the administration of the agency, has virtually no power. That will completely destroy the purpose we had in mind. The agency will not be an agency for the protection of small business. Small business needs protection, fair play, and justice.

So, Mr. President, the same persons will be in control who have been interested in big business and have shown very little concern with the problems of the small-business man. Under the terms of the conference report we will withdraw credits to small business amounting to hundreds of millions of dollars. It is true that we have set up a fund of \$100 million to be loaned out to small business under the edict, the veto, or the approval of the advisory committee, in lots of not over \$100,000. Under the bill originally offered, Mr. President, the resources of the Reconstruction Finance Corporation could still be made available to small business.

I think the idea of agreeing to the conference report is absolutely beyond reason. It is a bad report. The proposals which are included in that report have never been considered by any committee of the Senate of the United States.

I ask my colleagues to defeat this conference report.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum, the time for the quorum call to come out of the unallocated time.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Griswold	McClellan
Anderson	Hayden	Millikin
Barrett	Hendrickson	Monroney
Bennett	Hennings	Morse
Bricker	Hickenlooper	Muffat
Bush	Hill	Neely
Butler, Md.	Hoey	Pastore
Butler, Nebr.	Holland	Payne
Byrd	Humphrey	Potter
Capehart	Hunt	Purtell
Carlson	Jackson	Robertson
Case	Jenner	Russell
Chavez	Johnson, Tex.	Saltonstall
Clements	Johnston, S. C.	Schoeppel
Cooper	Kefauver	Smathers
Cordon	Kennedy	Smith, Maine
Daniel	Kerr	Smith, N. J.
Dirksen	Kilgore	Smith, N. C.
Douglas	Knowland	Sparkman
Duff	Kuchel	Stennis
Dworshak	Langer	Symington
Ellender	Lehman	Taft
Ferguson	Long	Thye
Flanders	Magnuson	Tobey
Frear	Malone	Watkins
George	Mansfield	Welker
Gillette	Martin	Wiley
Goldwater	Maybank	Williams
Gore	McCarran	Young
Green	McCarthy	

The PRESIDING OFFICER. A quorum is present.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. How much time remains to each side?

The PRESIDING OFFICER. The Chair is informed that there are 6 minutes remaining to the Senator from Indiana [Mr. CAPEHART], and 4 minutes to the Senator from South Carolina [Mr. MAYBANK].

TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that for a period not to exceed 15 minutes there may be a morning hour, for the purpose of allowing Senators to introduce bills and joint resolutions and to make insertions in the RECORD, and transact other routine business, under the usual practice of a 2-minute limitation on speeches.

The PRESIDING OFFICER. Without objection, the Senate will proceed with a morning hour for 15 minutes.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

EXPRESSION OF THANKS BY BELGIAN CHAMBER OF REPRESENTATIVES

A letter from the Assistant Secretary of State, embodying a letter from the President, Belgian Chamber of Representatives, expressing the thanks of that Chamber for the adoption by the Congress of Senate Concurrent Resolution 12, that the Congress on behalf of the people of the United States expresses its deep sympathy, affection, and concern for the peoples of the Netherlands, the United Kingdom, and Belgium, whose countries have been ravaged by disaster, its admiration for their courage in adversity, and its hope for the early restoration of their homes and livelihoods; to the Committee on Foreign Relations.

REPORT ON OPERATION OF TRADE AGREEMENTS PROGRAM

A letter from the Chairman, United States Tariff Commission, transmitting, pursuant to law, the fifth annual report of that Commission on the operation of the trade agreements program, for the period July 1951 to June 1952 (with an accompanying report); to the Committee on Finance.

REPORT ON CONTRIBUTIONS PROGRAM BY FEDERAL CIVIL DEFENSE ADMINISTRATION

A letter from the Administrator, Federal Civil Defense Administration, transmitting, pursuant to law, a quarterly report on the Federal contributions program, for the quarter ended March 31, 1953 (with an accompanying report); to the Committee on Armed Services.

AUDIT REPORT ON BUREAU OF ENGRAVING AND PRINTING

A letter from the Comptroller General, transmitting, pursuant to law, an audit report on the Bureau of Engraving and Printing, for the fiscal years 1951 and 1952 (with an accompanying report); to the Committee on Government Operations.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A resolution of the House of Representatives of the State of Michigan; to the Committee on Public Works:

"House Resolution 41

"Resolution requesting the Federal Government to give consideration to the Hearst plan for better roads

"Whereas the construction of an adequate system of highways is America's most urgent domestic problem; and

"Whereas the Federal Government annually collects approximately \$2 billion from highway users through the Federal gasoline

Act will expire on June 30, and the bill should be ready before the end of this week. There may be a desire to take the measure up in the list of bills I have mentioned.

There is also the mutual-aid bill, which, in the first place, was reported by the Committee on Foreign Relations, then referred to the Committee on Armed Services, and I understand has been reported by that committee. I am informed that copies of that bill, together with the hearings, have been sent to all Members of the Senate.

The Senate will then proceed to consider the next appropriation bill which may be ready, which will probably be the civil-functions bill, and will take up for consideration appropriation bills as rapidly as they may be made available.

I hope that the Members of the Senate, as has been their practice in the past, will cooperate with the leadership in expediting the business of the Senate, because there is still to be considered a very large military appropriation bill which will be coming along later, the Labor and Federal Security appropriation bill, and several other measures which normally require a good deal of time to have passed. The military appropriation bill and the foreign-aid appropriation bill will undoubtedly lead to considerable debate.

I shall keep the Senate advised as fully as possible about the program, and as far in advance as possible, so that Senators may know the intentions of the acting majority leader, of course assuming that the Senate agrees to the program.

It is my hope that if the Senate can during this week and next complete the work on the bills on the first list I mentioned, we will then be able to take a recess from Friday, the 3d of July, over the 4th, which will fall on Saturday. The Senate would meet again the following Monday. My hope is that the program can be worked out so that on Monday, July 6, there can be a call of the calendar for the consideration of measures to which there is no objection, and by that time there will probably be quite a list of such bills on the calendar.

I am making this statement so that the Senate may be advised that until Monday following the Fourth of July there will be no rollcall on controversial issues.

Of course, I do not know what conference reports may be brought in during the intervening days, but the acting majority leader does desire to be in the position at least to call up conference reports as they are ready, because some may involve laws as to which there are early expiration dates.

When I say there will be no rollcalls on controversial issues, I do not wish to foreclose the consideration of conference reports if any should be brought up, or if it be necessary to take them up.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Did I understand the Senator correctly to say

that he hoped the Senate could take a recess from Thursday, July 2, to the following Monday?

Mr. KNOWLAND. Yes, over the Fourth of July.

Mr. JOHNSON of Texas. So that it is the Senator's hope that at the conclusion of business on Thursday, July 2, the Senate may take a recess until Monday?

Mr. KNOWLAND. Yes.

Mr. JOHNSON of Texas. And on Monday there will be a call of the calendar?

Mr. KNOWLAND. That is correct.

Mr. JOHNSON of Texas. And if there are conference reports ready, the Senator would feel at perfect liberty to bring them up?

Mr. KNOWLAND. Yes; and if I do so, I shall notify the minority leader or whoever is acting for him.

I might say that cutting out a session on Friday just before the Fourth of July would depend considerably on the progress it is possible to make with the general legislative program.

Mr. MAYBANK. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield to the Senator from South Carolina.

Mr. MAYBANK. I am glad the Senator has brought up the question of an adjournment or recess over July 4, because we should like to have definite information as to whether we should be present on Friday the 3d. I am not suggesting we should not be present, but the only day we can be sure the Senate will not be in session is the Fourth of July, unless some satisfactory arrangement is made. Is that correct?

Mr. KNOWLAND. Yes.

Mr. MAYBANK. I thank the Senator.

TEMPORARY ECONOMIC CONTROLS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

Mr. MAYBANK. Mr. President, I ask how much time I have remaining.

The ACTING PRESIDENT pro tempore. Four minutes.

Mr. MAYBANK. Mr. President, I ask unanimous consent that I be yielded 7 minutes.

The ACTING PRESIDENT pro tempore. The Senator from South Carolina requests that he be granted 7 minutes. Is there objection? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. Mr. President, I move that the Senate stand in recess for 15 minutes.

The ACTING PRESIDENT pro tempore. The Chair will state that the Senator from South Carolina has been granted 7 minutes.

Mr. MAYBANK. I understood that was satisfactory to the Senate. Perhaps another Senator may desire to speak for 3 minutes.

RECESS

Mr. KNOWLAND. Mr. President, I move that the Senate stand in recess for 15 minutes.

The motion was agreed to; and (at 2 o'clock and 21 minutes p. m., Monday, June 22, 1953) the Senate took a recess for 15 minutes.

At 2 o'clock and 36 minutes p. m. the Senate reassembled, when called to order by the Presiding Officer (Mr. GOLDWATER in the chair).

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum call be vacated, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. MAYBANK. Mr. President, I yield 3 minutes to the distinguished Senator from North Carolina [Mr. SMITH].

Mr. SMITH of North Carolina. Mr. President, not being one of the conferees on the part of the Senate on Senate bill 1081, I am not so familiar with some of the details as are other Senators. However, I wish to call attention to the fact that provision is made in the bill for the exercise of certain powers by the "Administration." I have examined the report quite carefully, and I am unable to find that it is specified anywhere as to how the Administration is to be constituted. Section 204 (a) provides for the creation of an agency to be known as "Small Business Administration", with a parenthetical clause "(herein referred to as the Administration)". Paragraph (c) contains a provision for the appointment of an administrator; but, apart from that, there is no definition or destination as to who is to constitute the Administration.

I call attention further to the fact that on page 9 of the conference report there are set forth some very great powers which are given to the Administration. I am concerned about giving powers to an administration in the absence of knowledge as to how it is to be constituted.

Subparagraph (c) of section 213 reads:

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this title.

In subparagraph (d), it is provided that the Administration shall have power to certify to Government procurement officers as to the groups entitled to be considered as possessing capacity and credit sufficient to enable them to contract with the Government. So some very extensive and arbitrary powers are conferred upon the Small Business Administration, yet we do not know how that Administration is to be constituted. The Administration is being given the

power of life and death over businesses, since it may certify which groups or businesses are entitled to credit, and which ones have the necessary capacity to make contracts with the Government. I do not believe that such power ought to be given to a vaguely constituted group, certainly it is a vaguely constituted group.

I have asked Senators, as well as certain administrative assistants, to indicate how the Administration is said to be constituted. Thus far none of those whom I have consulted has been able to furnish this information, except to refer to page 4 of the conference report; but I have discovered nothing on that page that specifies how the membership of the Administration is to be constituted. I do not believe that any vaguely constituted group ought to be given the power of life and death over businesses in America, or the power to transfer businesses from one section of America to another, and to do all manner of things which this bill would authorize them to do.

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired.

Mr. MAYBANK. Mr. President, I yield 1 more minute to the Senator from North Carolina.

Mr. SMITH of North Carolina. Section 213, subparagraph (b) provides for the letting of subcontracts to small-business concerns "at prices and on conditions and terms which are fair and equitable"; yet it does not specify who is to say what prices are fair and equitable. It therefore seems to me that the conference report does not contain the essential ingredients which should appear in a law designed to regulate or aid small businesses. I therefore do not believe that the bill is either fair or proper. The report contains so many defects that, for the reasons I have indicated, I submit the Senate ought not to agree to it.

Mr. MAYBANK. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator from Indiana has 6 minutes.

Mr. MAYBANK. Mr. President, I desire to reserve the remaining 3 minutes of my time since we are to vote in 15 minutes.

Mr. KNOWLAND. Mr. President, will the Senator from Indiana yield me 2 minutes?

Mr. CAPEHART. I yield 2 minutes to the Senator from California.

Mr. KNOWLAND. Mr. President, I merely wish to reiterate that we are faced with a very heavy legislative calendar. In the case of the War Production Act there is a deadline of June 30. Every executive agency charged with responsibility for the national defense program, has indicated that in its judgment the controls over strategic materials contained in title I of the bill are essential to the national defense. No one can predict with certainty what the situation would be in the event the conference report should be rejected by the Senate and the bill returned to conference. The House has already approved the conference report unanimously. If, perchance,

the bill should become deadlocked in conference, we would find, on June 30, that the present law would expire, and we would not have the necessary legislation on the statute books which the Defense Department and other agencies of the Government feel to be necessary.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. KNOWLAND. I only have a limited amount of time.

Mr. MAYBANK. Mr. President, will the Senator yield, provided the time is charged to me?

Mr. KNOWLAND. I yield.

Mr. MAYBANK. I merely suggest that there is no difference of opinion between the House and the Senate on the subject of strategic materials. I have only been supporting what the Senate has done on the small-business feature. If the bill is to be recommitted, why not recommit it with instructions that, so far as the title of the bill which deals with strategic materials is concerned, it be reported back to us. I would be glad to vote for that.

Mr. KNOWLAND. The only difficulty in regard to that suggestion is that, of course, those would be instructions of the Senate; but there are no instructions by the House that the House conferees must follow the judgment of the Senate. I am merely trying to point out that a situation might arise whereby the present law would expire. As the ranking minority member of the conferees has pointed out, so far as the Senate conferees are concerned, there seems to be no great dispute regarding title I; so that the basic issue comes on title II.

Mr. MAYBANK. I am appreciative of what the Senator from California has done and of what the chairman of the committee has done. I respect both Senators, as they well know.

Mr. KNOWLAND. The controversy appears to come with respect to title II relative to the Small Business Administration. As the Senator from Indiana [Mr. CAPEHART] has pointed out, this is the first time Congress has undertaken to do something effective for small business. There may be an honest difference of opinion as to whether the Small Business Administrator should be chairman of the board of three—

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. CAPEHART. Mr. President, I yield the Senator from California 2 more minutes.

The PRESIDING OFFICER. The Senator from California is recognized for 2 more minutes.

Mr. KNOWLAND. Mr. President, I point out to the Members of the Senate that if they have an idea that that provision should be changed, it could be amended by subsequent legislation. We would at least have on the statute books some legislation to help small business. Of course, if any Senator is fundamentally opposed to the aid of small business, or wants the problem handled in some other way, that is an entirely different matter. But even if we have separate legislation, argument for which has been made by some Senators, we will have on

the books a basic policy in any event, and Congress will be able to make whatever changes may be desired subsequent to the adoption of the conference report.

I urge, Mr. President, that we not jeopardize the control of strategic materials and jeopardize legislation to help small business by sending the report back to conference. I urge that the conference report be adopted.

Mr. CAPEHART. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Indiana has 2 minutes and the Senator from South Carolina has 3 minutes.

Mr. MAYBANK. Mr. President, I ask unanimous consent that the Senator from Indiana and I divide the remaining time. The unanimous-consent agreement under which we are operating provides for a vote at 3 o'clock.

Mr. CAPEHART. I would not object, Mr. President. We have 2 minutes and the other side has 3 minutes.

Mr. MAYBANK. I would ask that the Senator from Indiana be given 1 more minute.

Mr. CAPEHART. I do not have anything further to say, Mr. President, except that I hope the Senate will accept the conference report. It has not been quite clear to me just what there is about this proposed legislation to which some Senators are opposed. I am sure they do not oppose helping small business. There must be some reason or reasons for their opposition.

I urge that the Senate accept the report.

Mr. KNOWLAND. Mr. President, with the consent of the Senator from Indiana and the Senator from South Carolina, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McCarthy
Anderson	Griswold	McClellan
Barrett	Hayden	Millikin
Beall	Hendrickson	Monroney
Bennett	Hennings	Morse
Bricker	Hickenlooper	Mundt
Bush	Hill	Neely
Butler, Md.	Hoey	Pastore
Butler, Nebr.	Holland	Payne
Byrd	Humphrey	Potter
Capehart	Hunt	Purtell
Carlson	Jackson	Robertson
Case	Jenner	Russell
Chavez	Johnson, Tex.	Saltonstall
Clements	Johnston, S. C.	Schoeppel
Cooper	Kefauver	Smathers
Cordon	Kennedy	Smith, Maine
Daniel	Kerr	Smith, N. J.
Dirksen	Kilgore	Smith, N. C.
Douglas	Knowland	Sparkman
Duff	Kuchel	Stennis
Dworshak	Langer	Symington
Ellender	Lehman	Taft
Ferguson	Long	Thye
Flanders	Magnuson	Tobey
Frear	Malone	Watkins
George	Mansfield	Welker
Gillette	Martin	Wiley
Goldwater	Maybank	Williams
Gore	McCarran	Young

The PRESIDING OFFICER. A quorum is present.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared by me giving my reasons for voting against the conference report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHNSON OF TEXAS

It is seldom that the Senate is expected to act so completely in the dark.

Technically, we have before us a conference report.

Actually, this is legislation of far-reaching importance—and parts of it are brand new to the Members of this body.

No Senate committee has held complete hearings on this measure. It has not been debated previously on this floor. We have no Senate record—of any kind, shape, or form—to help us make up our minds.

If we approve this conference report, we will be signing a check made out by the House. It will be a complete abdication of our legislative responsibilities.

This bill would establish a permanent agency with broad powers over the destiny of small business. And yet, small business has not had an adequate opportunity to give the Senate its views.

Our constituents could rightly complain that this is legislation without representation.

This bill would impose drastic limitations upon the authority of the Government to help small business. And yet, even the House of Representatives did not have a chance to vote upon the specific limitations.

The measure passed the House under a closed rule—closed to everything but general debate and a simple yeas-or-nays vote.

This bill would abolish the Small Defense Plants Administration. And yet, the President of the United States has asked that it be continued pending a study.

This bill would place the small-business activities of the Government under two major departments—Treasury and Commerce. And yet, practically all of us subscribe to the principle that a small-business agency cannot be effective unless it is independent.

This bill would open the door to a patronage grab cutting across civil-service rights at every level. And yet, almost every official of our Government is committed to the principle of protecting legitimate civil-service rights.

This bill is supposed to be a reconciliation of House and Senate versions of legislation previously approved. And yet, the only lines which bear any resemblance to the Senate measure are the title and the definition of national defense.

Mr. President, committees composed of some of the ablest Members of this Senate are now considering permanent small-business measures. To approve this measure—a permanent bill—in advance of their recommendations would be to repudiate their work.

Three Senate Members of the conference committee refused to sign this report. They thought—quite rightly—that the Senate should not discard every important section of its own bill and permit the House to do our legislating for us.

The Senate should not be steamrollered into accepting legislation which—as far as we are concerned—has no past and an unknown future.

This bill should be returned to conference and the conferees should stand behind the Senate measure.

Mr. KENNEDY. Mr. President, I ask unanimous consent to have printed in the RECORD a short statement which I have prepared on the conference report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KENNEDY

If we are going to make adequate provision for the needs of this Nation's small-

business men, the conference report on S. 1081 extending the Defense Production Act must be recommitted and the Small Defense Plants Administration continued until a more satisfactory bill can be acted upon by the Senate.

The Small Business Administration which is proposed by the pending legislation is deficient in several respects. If such an agency is to be of real help to small business in providing technical assistance, long-term capital, and procurement opportunities, all of which are of primary importance in expanding the economies of New England and the United States, the following defects must be corrected:

First, such agency must be truly independent and not subject to the veto power of the Commerce and Treasury Departments. Experience has shown that such independence is necessary to give small business an effective voice in the Government.

Secondly, the proposed limit of \$100,000 on the amount of assistance to be extended to any one concern must be raised or removed. Of the loans favorably recommended by the Small Defense Plants Administration and approved by the RFC, over one-third were for amounts of \$100,000 or greater. The average size of these loans was \$128,000. The average size of loans to manufacturing concerns was \$140,000. The average size of loans for those engaged in the manufacture of primary metals, ordnance equipment, or transportation equipment was over \$200,000. In terms of dollar value, 77 percent of these loans made by the RFC upon recommendation by the Small Defense Plants Administration could not have been made with a \$100,000 limit. The average loan in Massachusetts was \$149,131. In terms of dollar value, 83 percent of the amount loaned to Massachusetts concerns would not have been loaned under the \$100,000 limitation.

Third, with only \$150 million available for lending purposes from the revolving fund of \$250 million, the agency proposed in the pending measure could not possibly meet all of the civilian and defense requirements of small business now being serviced by the SDPA and RFC.

Fourth, any agency which purports to take over the lending functions of the RFC, but which lacks authority to insure or guarantee small-business loans by banks, to make business and individual loans in disaster areas, and to make loans to small communities who cannot obtain credit elsewhere, should be carefully studied by the Senate. The present bill was not endorsed by this Nation's small-business organizations, such as the Smaller Business Association of New England, nor by the Small Business Committees of the Congress, and it has never been favorably reported by any Senate committee.

I am hopeful that the Congress will enact at the earliest opportunity legislation providing for an adequate program of assistance to our small-business men to enable them to compete, prosper, and expand as is so essential to a strong economy.

The PRESIDING OFFICER. The question is on agreeing to the conference report on Senate bill 1081.

Mr. KNOWLAND and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. JENNER (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. EASTLAND]. If the Senator from Mississippi were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES] would vote "yea."

The Senator from New York [Mr. Ives] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND] and the Senator from Colorado [Mr. JOHNSON] are absent on official business.

The Senator from Arkansas [Mr. FULBRIGHT] is absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

I announce further that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Montana [Mr. MURRAY] would vote "nay."

The result was announced—yeas 42, nays 47, as follows:

YEAS—42

Aiken	Duff	Mundt
Barrett	Dworshak	Payne
Beall	Ferguson	Potter
Bennett	Flanders	Purtell
Bricker	Goldwater	Saltonstall
Bush	Griswold	Schoeppel
Butler, Md.	Hendrickson	Smith, Maine
Butler, Nebr.	Hickenlooper	Smith, N. J.
Capehart	Knowland	Taft
Carlson	Kuchel	Thye
Case	Malone	Tobey
Cooper	Martin	Watkins
Cordon	McCarthy	Welker
Dirksen	Millikin	Wiley

NAYS—47

Anderson	Holland	McCarran
Byrd	Humphrey	McClellan
Chavez	Hunt	Monroney
Clements	Jackson	Morse
Daniel	Johnson, Tex.	Neely
Douglas	Johnston, S. C.	Pastore
Ellender	Kefauver	Robertson
Frear	Kennedy	Russell
George	Kerr	Smathers
Gillette	Kilgore	Smith, N. C.
Gore	Langer	Sparkman
Green	Lehman	Stennis
Hayden	Long	Symington
Hennings	Magnuson	Williams
Hill	Mansfield	Young
Hoey	Maybank	

NOT VOTING—7

Bridges	Ives	Murray
Eastland	Jenner	
Fulbright	Johnson, Colo.	

So the conference report was rejected.

Mr. CAPEHART. Mr. President, I move that the Senate insist upon its disagreement to the House amendment, request a further conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to.

Mr. CAPEHART. Mr. President, I move that the conferees on the part of the Senate be instructed in some way.

The VICE PRESIDENT. The question is on agreeing to the motion of the

Senator from Indiana. Will the Senator from Indiana indicate what instructions the Senate conferees are to be given?

Mr. CAPEHART. I move that the Senate instruct the Senate conferees to agree to strike out title II and substitute for it the Small Defense Plants Administration provision, as originally contained in the bill before the Senate.

Mr. MAYBANK. Mr. President, who will be the conferees?

Mr. CAPEHART. Mr. President, I send to the desk a list of suggested conferees.

Mr. TOBEY. Mr. President, will the Senator from Indiana yield for a question?

Mr. CAPEHART. I yield.

Mr. TOBEY. Will the Senator accept an amendment, adding the words "hereof fail not at your peril"? [Laughter.]

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to.

The VICE PRESIDENT appointed Mr. CAPEHART, Mr. BRICKER, Mr. BENNETT, Mr. BUSH, Mr. MAYBANK, Mr. FULBRIGHT, and Mr. ROBERTSON conferees on the part of the Senate at the further conference.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business, for the consideration of nominations under the heading "New Reports."

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations and withdrawing the treaty of friendship, commerce, and navigation between the United States and Colombia, transmitted to the Senate on June 13, 1953, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable report of a nomination was submitted:

By Mr. BRICKER, from the Committee on Banking and Currency:

Arthur S. Flemming, of Ohio, to be Director of the Office of Defense Mobilization.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar, under the heading "New Reports."

DEPARTMENT OF THE NAVY

The Chief Clerk read the nomination of Raymond Henry Fogler to be Assistant Secretary of the Navy.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

FEDERAL CIVIL DEFENSE ADMINISTRATION

The Chief Clerk read the nomination of Mrs. Katherine G. Howard to be Deputy Federal Civil Defense Administrator.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

SUPERINTENDENTS OF THE MINT

The Chief Clerk read the nomination of Rae V. Biester to be Superintendent of the Mint of the United States at Philadelphia, Pa.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Ross P. Buell to be Superintendent of the Mint of the United States at San Francisco, Calif.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

ASSAYER IN THE MINT

The Chief Clerk read the nomination of Arthur C. Carmichael to be assayer in the mint of the United States at San Francisco, Calif.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COMPTROLLER OF CUSTOMS

The Chief Clerk read the nomination of Edwin A. Leland, Jr., to be comptroller of customs with headquarters at New Orleans, La.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COLLECTORS OF CUSTOMS

The Chief Clerk read the nomination of Jeremiah A. McGimsey to be collector of customs for customs collection district No. 26, with headquarters at Nogales, Ariz.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Theodore H. Lyons to be collector of customs for customs collection district No. 20, with headquarters at New Orleans, La.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Frank Abelman to be collector of customs for customs collection district No. 38, with headquarters at Detroit, Mich.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

IN THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

Mr. KNOWLAND. I ask that the Army nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations in the Army are confirmed en bloc.

Mr. SALTONSTALL. Mr. President, will the acting majority leader yield to me?

Mr. KNOWLAND. I yield.

Mr. SALTONSTALL. I ask unanimous consent that the routine Army

nominations lying on the clerk's desk be also approved at this time. They have lain there for two sessions.

Mr. CASE. Mr. President, what is the request? Does the request of the Senator from Massachusetts apply only to new reports? I understood the Senator from Massachusetts to say something about nominations which had been lying on the desk.

Mr. SALTONSTALL. My request related to the routine Army nominations which were lying on the clerk's desk. My request does not include nominations which have been on the calendar for some time. It applies only to new nominations, from colonel down through lieutenant.

Mr. KNOWLAND. Are they routine nominations?

Mr. SALTONSTALL. Yes.

Mr. KNOWLAND. Approximately how many are there?

Mr. SALTONSTALL. My memory is not accurate, but I think there are approximately 4,000.

Mr. KNOWLAND. This is the customary procedure, to avoid reprinting the names, is it not?

Mr. SALTONSTALL. It is.

The VICE PRESIDENT. Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and the nominations are confirmed.

IN THE ARMY—NATIONAL GUARD BUREAU

The Chief Clerk read the nomination of Col. Edgar Carl Erickson, a Reserve commissioned officer of the United States and a member of the National Guard of the United States, to be Chief of the National Guard Bureau.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES AIR FORCE

The Chief Clerk proceeded to read sundry nominations in the United States Air Force.

Mr. KNOWLAND. I ask that the nominations in the United States Air Force be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations in the United States Air Force are confirmed en bloc.

IN THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

Mr. KNOWLAND. I ask that the nominations in the Navy be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations in the Navy are confirmed en bloc.

Mr. KNOWLAND. I ask that the President be immediately notified of all nominations confirmed this day.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

10. ECONOMIC CONTROLS. Agreed to a further conference on S. 1081, the economic controls bill; and Reps. Wolcott, Gamble, Talle, Kilburn, Spence, Brown (Ga.), and Patman (same conferees as previously) were appointed as conferees (p. 7302).
11. DROUGHT. The "Daily Digest" states that "Chairman Hope announced that the committee will meet Thursday morning (June 25) to consider aid for the drought-stricken areas of the Southwest" (p. D598).
12. RUBBER. The Rules Committee reported a resolution providing for the consideration of H.R. 5728, to authorize the disposal of Government owned rubber-producing facilities (p. 7300).
13. TVA. Rep. Gavin inserted two newspaper editorials claiming that President Eisenhower regards the proposal to spend more Federal money to expand the TVA as an example of "creeping socialism" (pp. 7333-4).

BILLS INTRODUCED

14. COTTON. S. 2183, by Sen. Anderson, to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to Agriculture and Forestry Committee (p. 7260). Remarks of author (p. 7261-2).
15. PERSONNEL. S. 2191, by Sen. Carlson, to authorize the withholding, upon request, from compensation of Federal employees, of amounts for the payment of rates and premiums of voluntary prepayment plans and insurance for hospital and medical care; to Post Office and Civil Service Committee (p. 7260).
16. DISASTER RELIEF. S. 2199, by Sens. Saltonstall and Kennedy, to allow State and local governments during major disasters to use or distribute certain surplus equipment and supplies of the Federal Government; to the Public Works Committee (p. 7260).
17. LAND TRANSFER. H.R. 5888, by Rep. Cooley, to authorize the transfer of certain lands to the State of North Carolina, and for other purposes; to Agriculture Committee (p. 7340).
18. TRADE AGREEMENTS. H.R. 5894, Rep. Simpson of Pa., to amend the Trade Agreements Extension Act of 1951 and certain other provisions of law to provide adequate protection for American workers, miners, farmers, and producers; to Ways and Means Committee (p. 7340).

ITEMS IN APPENDIX

19. FARM POLICIES. Rep. Dague, "for the purpose of emphasizing my support of the sound program advocated by the Secretary of Agriculture," inserted a constituent's letter commending the Secretary's farm policy program (p. A3904).
20. PRICE SUPPORT. Rep. Marshall inserted Rep. Metcalf's radio address favoring extension of 90% support program from 1954 through 1957 and "taking away from the Secretary, and restoring to Congress, the power to fix support levels" (p. A3906).
21. APPROPRIATIONS. Rep. Laird inserted a comparison of the appropriations to the Department in 1940 with appropriations in 1953 (p. A3905-6).

22. GRAZING LANDS. Rep. Metcalf inserted Hugh B. Woodward's statement opposing H.R. 4023, the stockmen's grazing bill (pp. A3906-9).
Rep. D'Ewart inserted a Sheridan (Wyo.) Press article "which will further clarify the attitude of the soil conservation district associations" regarding H.R. 4023, the stockmen's grazing bill (p. A3920).
23. PERSONNEL; BUDGET; PRICE SUPPORTS. Rep. Fine inserted his recent speech claiming the present administration is firing "career employees to create vacancies for the party faithful," failing to reduce taxes or Federal expenditures, and "undermining . . . farm commodity price support program" (pp. A3930-2).
24. LIVESTOCK PRICES. Rep. Smith inserted a Memphis (Tenn.) Press-Scimitar article criticizing the decline in cattle prices (pp. A3950-1).
25. ELECTRIFICATION. Rep. Brooks inserted a La. Public Service Commission resolution favoring "legislation designed to insure power development on the Niagara River be left to private enterprise" (p. A3963).
26. FOOD SHORTAGE. Rep. Horan inserted a statement prepared by Julius Allen, Librarian of Congress, discussing the general theme of famine (pp. A3964-6).

BILL APPROVED BY THE PRESIDENT

27. FLOOD CONTROL. H.R. 4025, authorizing additional appropriations for constructing dams in the Columbia River Basin by the Army Engineers. Public Law 75, 83rd Cong., approved June 22, 1953.

COMMITTEE HEARING ANNOUNCEMENT FOR JUNE 24: FCA reorganization, crop insurance, and potato price support bills, H. Agriculture (exec.)

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105A.

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Washington, as our National Capital, is the showplace of the Nation and what we do here is interpreted throughout the world as indicative of our national attitude and policy. The lying Communist propaganda has for a long time been seeking to use to its advantage with the colored peoples of the world statutes which I seek to repeal relating to segregation in the District of Columbia. This lying propaganda has been used in Korea and areas of south and southeast Asia in which the Soviet and its satellites are the aggressors. As an essential measure in the defense of the free world and to validate our own Constitution, Congress should do its best in eliminating segregation in the District of Columbia.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 5 minutes today, following the legislative program and any special orders heretofore entered.

CORRECTION OF THE RECORD

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to correct the RECORD. On page 7222 of the RECORD of yesterday, in the first column, second paragraph from the bottom of the page, it should be corrected and changed from "The gentleman from Ohio [Mr. McGREGOR] who is chairman of the Subcommittee on Public Buildings and Grounds," to read "The gentleman from New Jersey [Mr. AUCHINCLOSS] who is chairman of the subcommittee."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SUBCOMMITTEE ON FLOOD CONTROL OF THE COMMITTEE ON PUBLIC WORKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that the Subcommittee on Flood Control of the Committee on Public Works may sit any time today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SPECIAL ORDER GRANTED

Mr. KERSTEN of Wisconsin asked and was given permission to address the House for 15 minutes on today and tomorrow, following the legislative program of the day and the conclusion of any special orders heretofore entered.

NATIONAL MILITARY UNITS FROM COMMUNIST COUNTRIES AND THE LIBERATION POLICY

(Mr. KERSTEN of Wisconsin asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KERSTEN of Wisconsin. Mr. Speaker, I think current events show that President Eisenhower when he spoke before the American Legion last summer in August and advocated a policy of liberation, and when Secretary Dulles wrote an article in Life magazine last May entitled "A Bold New Foreign Policy" calling for a policy of liberation, were right at that time and such a policy is demanded now. If there have been influences brought to bear on our Government to curb this policy of liberation, those influences should not be heeded at this time. Now, more than ever, our policy should be to support the movements of resistance behind the Iron Curtain. Such a policy is the only one that will bring us peace eventually. A provision of the mutual security law which is now on our books provides for the setting up of national military units composed of escapees from behind the Iron Curtain. It should be implemented now because such national military units will bear directly upon the Communist armed forces and will unloose the forces of defection and escape to freedom from the Communist armed forces.

These military units should have their own distinctive uniforms or markings and should carry their own national flags of freedom.

Once they are set up they will tend to paralyze the Soviet military potential because sizable elements of the Communist armed forces are as desirous of fighting for freedom rather than tyranny just as the workers would rather work for freedom than for tyranny.

FIVE BILLION OVERSEAS—HOW ABOUT A DROP IN THE BUCKET AT HOME?

(Mr. KRUEGER asked and was given permission to extend his remarks at this point and insert telegrams from the Governor of North Dakota and other sources therewith.)

Mr. KRUEGER. Mr. Speaker, after our great concern over the plight of our friends abroad, 1 million tons of wheat to Pakistan, and our generosity with nearly \$5 billion of the taxpayers' money, could not we give a little consideration to some of our food producers' needs right here at home?

At least 20,000 acres of grain and sugar beets were lost last week in the fertile Valley of the Red River of the North. Torrential rains have put the tributaries over the banks. Completely lost for the crop year, the damage to these lands will be at least \$5 million. These folks are not asking for relief or rehabilitation. They are asking for assistance in improving the channels of the Rush and Maple Rivers in this flat, level territory to speed up the runoff to prevent recurrence of these floods.

The North Dakota Legislature paved the way for local cooperation and maintenance.

Here is the word that comes to me from the folks back home, and I quote telegrams from the Governor of our State and the Maple-Sheyenne River Flood Control Association:

OTTO KRUEGER,
House Office Building;

Flood damage to crops in the Rush River, Swan Creek, and Maple River watersheds will reveal several million dollars additional appropriations for these projects now will help prevent recurrence in later years. Work to eliminate future damage can only be done in fall of the year.

NORMAN BRUNSDALE,
Governor of North Dakota.

FARGO, N. DAK., June 19, 1953.

OTTO KRUEGER,
Congressional Office Building,
Washington, D. C.:

"RESOLUTION MEMORIALIZING THE PRESIDENT OF THE UNITED STATES AND THE 83D CONGRESS OF THE UNITED STATES TO DISCONTINUE, CURTAIL, AND OTHERWISE HOLD IN ABEYANCE ANY AND ALL ACTION IN CONNECTION WITH THE PROPOSED SWAN CREEK PROJECT LOCATED IN THE COUNTY OF CASS AND STATE OF NORTH DAKOTA AND IN LIEU THEREOF TAKE THE NECESSARY AND PROPER STEPS IN ORDER TO MAKE IMPROVEMENTS ON THOSE RIVERS UPON WHICH SAID SWAN CREEK IS A TRIBUTARY

"Whereas the recent heavy rains coupled with the drainage of the water thereof from the fields throughout the entire central area of Cass County extending to a point 30 miles west of the Red River of the North have completely overflowed the banks of the riverbeds in which it is supposed to flow thereby causing great and terrible damage to the farms, livestock, and grain throughout the entire area in which damage is estimated to be at least \$5 million to the farmers of this section;

"Whereas said condition could be greatly alleviated if, instead of carrying out at the present time the proposed Swan Creek project, a thorough and complete drainage could be made of the rivers upon which said Swan Creek is a tributary thereby according the flowage from said Swan Creek, as well as the flowage from the rivers thereafter, a free and clear access to the Red River of the North;

"Whereas there is presently pending before the Senate of said 83d Congress of the United States provisions containing the Red River Valley of the North Authority, which, if properly amended and added to could relieve the present hardship on the farmers of the Northwest, namely, amend said provisions to include the following: channel and improvement work on the Maple River commencing at the mouth of Swan Creek on said Maple River, thence to the mouth of said Maple River on the Sheyenne River, thence on said Sheyenne River to the mouth of the Rush River, otherwise known as the Rush River flood-control district, thence continue on said Sheyenne River to its mouth on the Red River of the North; thence northward on said Red River of the North as provided for in said authority: Be it further

"Resolved, That copies of this resolution be properly authenticated by the board of directors of said association, and sent to United States Senator WILLIAM LANGER, United States Senator MILTON R. YOUNG, Congressman USHER L. BURDICK, and Congressman OTTO KRUEGER, the Vice President of the United States, as Presiding Officer of the Senate, and to each Member of the Senate of the United States."

The foregoing resolution was adopted by the newly organized Maple-Sheyenne River Flood Control Association at a meeting Thursday evening, June 18, 1953, in the community hall, Mapleton, N. Dak., at which meeting over 160 local farmers and residents were present.

Eighty-two families present estimated their personal damage at over \$850,000; the board of directors of said association estimated damage in the Maple River watershed to be conservatively at \$5 million; list of individuals damaged as well as aerial and ground

photos of disaster follow by mail; general consensus of opinion is it is utterly foolish to speed the flow of the headwaters (Swan Creek) and fail to clear the choked sections downstream.

MARK ANDREWS, *President*.

SPECIAL ORDER GRANTED

Mr. JACKSON asked and was given permission to address the House on Thursday, July 23, for 90 minutes, following the legislative program of the day, and the conclusion of special orders heretofore entered.

CORRECTION OF ROLLCALL

Mr. WINSTEAD. Mr. Speaker, I ask unanimous consent that the permanent RECORD be corrected on rollcall 56, June 18, to show that I was present and voted for final passage.

EFFECT OF HARD MONEY POLICIES

(Mr. HAYS of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYS of Ohio. Mr. Speaker, a few days ago I made a statement on the floor that the so-called hard money policies could very easily lead to a major depression in this country; and I received from the left side of the aisle some rather tolerant smiles.

I would just like to report that the Wall Street Journal of today says that truck production in this country has been cut back 40 percent.

ANNULLING RATES UNDER TRADE AGREEMENTS ACT

(Mr. BAILEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAILEY. Mr. Speaker, I have asked for this time in order to advise my colleagues of the House that on Friday last I introduced a joint resolution providing for annulling the rates under the Supplemental Reciprocal Trade Agreements Act with Venezuela in 1952, because the President exceeded his authority in applying his delegated authority to reduce or increase rates.

I want to say to my colleagues that I have asked for and secured a special order for tomorrow, after the close of the regular business, when I shall put all of the details in support of this resolution and all of the facts pertaining thereto in the RECORD for the information of the individual Members of the House.

SPECIAL ORDER GRANTED

Mr. PATMAN asked and was granted permission to address the House on today and tomorrow for 15 minutes, and to revise and extend his remarks, and to include extraneous material following the legislative business of the day and any special orders heretofore entered.

CREEPING INCREASES

(Mr. FRIEDEL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FRIEDEL. Mr. Speaker, yesterday the Esso Standard Oil Co. announced for the second time in 10 days a price boost of gas and fuel oil. This increase was followed today by other major oil companies.

Several weeks ago the price of steel went up. The effect of that increase will not be felt by the consumer for several months to come, but the gas increase takes additional money out of his pocket starting right now. He uses his automobile daily, not as a luxury, but as an absolute necessity in everyday life.

When the Congress decided to abandon controls, we were told by big business that competition would take care of any trend toward inflation. The advice is working in reverse.

In just 10 days the cost of gasoline and fuel oil has been raised twice. I would hate to think that this is a precedent of what we can expect when rent controls are terminated next month.

The Treasury Department officials have voiced concern several times about inflation. Here is an example of why not only the Treasury, but the Congress, as well, should be alarmed.

Mr. Speaker, I call this to the attention of my colleagues, and ask, where will the prices be by Christmas should these creeping increases be allowed to continue?

TEMPORARY ECONOMIC CONTROLS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 1031, an act to provide authority for temporary economic controls, and for other purposes, with a House amendment thereto, further insist on the House amendment and agree to a further conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. PATMAN. Reserving the right to object, Mr. Speaker, and I shall not object, I make this reservation to state that I have given notice that I expected to offer a motion to instruct conferees, but after examining and evaluating the situation and talking to different members of the committee, including the distinguished gentleman from Michigan [Mr. WOLCOTT], I shall not do that.

I hope the bill goes to conference and that we shall work out the very best agreement we can work out.

The SPEAKER. Is there objection to the request of the gentleman from Michigan? The Chair hears none and appoints the following conferees: Mr. WOLCOTT, Mr. GAMBLE, Mr. TALLE, Mr. KILBURN, Mr. SPENCE, Mr. BROWN of Georgia, and Mr. PATMAN.

CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred fifty-four Members are present, not a quorum.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 62]

Adair	Hart	Philbin
Becker	Harvey	Phillips
Blatnik	Herlong	Powell
Bolling	Hoffman, Ill.	Prouty
Busbey	Kearney	Regan
Bush	Kelly, N. Y.	Riehlman
Chatham	Lesinski	Roosevelt
Chudoff	Lucas	St. George
Dies	McVey	Sheppard
Dolliver	Mack, Ill.	Taylor
Donovan	Meador	Thornberry
Fogarty	Miller, Calif.	Velde
Frelinghuysen,	Morrison	Vursell
Jr.	Nelson	Wigglesworth
Gamble	O'Hara, Minn.	Willson, Calif.
Green	O'Konski	Yates
Hale	Ostertag	

The SPEAKER. On this rollcall 377 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

WHEAT FOR PAKISTAN

Mr. HOPE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 5659) to provide for the transfer of price-support wheat to Pakistan.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 5659, with Mr. ELLSWORTH in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read the first section of the bill.

Are there any amendments to the first section?

Mr. POAGE. Mr. Chairman, I offer an amendment.

Mr. FULTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Mr. Chairman, when is it in order to offer an amendment to the title of the bill? I have such an amendment to offer.

The CHAIRMAN. Titles to bills are amended after the bill is considered in the House for passage.

Mr. WEICHEL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WEICHEL. Mr. Chairman, I have an amendment to the first section of the bill. The amendment was filed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 26, 1953
June 25, 1953
83rd-1st, No. 116

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HIGHLIGHTS: President approved wheat-for-Pakistan bill. House passed wheat marketing quota bill. Senate received McLeaish nomination to Farmers' Home Administration. Senate debated Interior appropriation bill. Sen. Wiley favored all-out effort to eradicate Bang's disease and tuberculosis.

HOUSE

1. WHEAT MARKETING QUOTAS. Passed with amendments H.R. 5451, to amend the wheat marketing quota provisions of the Agricultural Adjustment Act of 1938, after previously passing the resolution providing for its consideration (for provisions see Digest 106) (pp. 7554-60, 7562-68). In addition to committee amendments, 2 amendments by Rep. Hope were adopted: to exclude commodities acquired under the Strategic and Critical Materials Stockpiling Act from surveys to determine the carryover or total supplies of commodities, Rep. Hope stating that this would apply only to long-staple cotton (pp. 7567-68); and to extend the time for conducting a referendum among the wheat growers to determine whether or not they will accept marketing quotas, from July 24 to Aug. 15, 1953 (p. 7567).

Rejected a recommittal motion by Rep. Hays, by a division vote of 34-116, to reduce the minimum acreage allotment from 66 million acres to 62 million acres (p. 7568).

2. RUBBER. Passed with amendments H.R. 5728, to authorize the disposal of the Government-owned rubber-producing facilities (pp. 7532-53). This bill proposes a 3-man commission, appointed by the President, to take bids and negotiate sales contracts on the 28 Government-owned synthetic-rubber facilities. If either House disapproves of the proposed sales, they will be rejected, and the Rubber Act of 1948 will be extended.

3. POSTAL RATES; INFORMATION. The Post Office and Civil Service Committee reported without amendment S. 971, to authorize films, and related material, for educational use to be transmitted through the mails at the rate provided for books (H. Rept. 668) (p. 7572).

4. WHEAT; FOREIGN TRADE. Received this Department's proposed bill to amend the International Wheat Agreement Act of 1949; to Banking and Currency Committee (p. 7572).
 5. HOUSING. Received this Department's proposed bill to amend title 1 of the Bankhead-Jones Farm Tenant Act and title 5 of the Housing Act of 1949, so as to extend veterans' preference to persons who have served in the Korean conflict; to Banking and Currency Committee (p. 7572).
 6. APPROPRIATIONS. Received supplemental appropriation estimates for fiscal year 1954 of \$322,000 for the Interior Department (H. Doc. 195) (p. 7572).
Received a supplemental appropriation estimate for fiscal year 1954 of 500,000 for the Commission on Foreign Economic Policy (H. Doc. 199) (p. 7572).
- SENATE
7. APPROPRIATIONS. Began debate on H.R. 4828, the Interior appropriation bill for 1954 (pp. 7489, 7510-31). Agreed to Sen. Cordon's request that the bill as amended by the committee be deemed a clean bill, in effect agreeing en bloc to all committee amendments, with the right later to raise points of order against these amendments (p. 7510).
Rejected the following amendments:
By Sen. Douglas, to reduce by \$12 million funds for irrigation, and limiting availability of the remainder for irrigation construction to 80% of that planned by the Reclamation Bureau during the fiscal year (pp. 7514-8).
By Sen. Thye, to increase by \$1,300,000 the funds of the Reclamation Bureau for the construction and rehabilitation of power transmission lines and substations into western Minn. from Big Bend, So. Dak. (pp. 7518-20).
By Sen. Douglas, on a point of order, to increase by \$500,000 the funds to be made available to HEW for studies of problems affecting the education of migratory workers' children and to assist localities in their education and health care (pp. 7521-31).
 8. APPROPRIATIONS. In reporting H.R. 5376, the Army civil appropriation bill, the committee added \$57,371,300 for the Corps of Engineers. The committee report states: "The committee is in full accord with the views of the House committee as to the vital need for a comprehensive program for the development of the water resources of the Nation. It desires to commend the Bureau of the Budget for the establishment of standards and procedures for review, in the Executive Office of the President, of reports on proposed water resources projects. It is believed that the absence of a clear statement of uniform standards and procedures has resulted not only in delays and difficulties in the clearance of reports, but in some cases inconsistent actions with respect to projects proposed by the various Government agencies."
 9. ANIMAL DISEASES. Sen. Wiley urged "an all-out effort" to eradicate Bang's disease and tuberculosis in cattle, and inserted a letter from "five key experts in Wisconsin agriculture" requesting appropriations for the payment of Federal indemnities for diseased cattle destroyed (p. 7508).
 10. ECONOMIC CONTROLS. Sen. Sparkman was appointed a conferee on S. 1081, the economic controls bill, in lieu of Sen. Fulbright, who has resigned as a conferee (p. 7508).
 11. NOMINATION. Received the nomination of Robert B. McLeaish to be Administrator of the Farmers' Home Administration" (p. 7531).

What so many cynics of these times overlook is that fighting spirit is itself closely related to national spirit and that decadence in the military forces sets in and the morale of a people begins to deteriorate when the symbols of national pride no longer stir the hearts of the citizens. Just a year ago this correspondent, when in Europe, chatted one day with a high British military officer associated with NATO, and the latter expressed privately his belief that a European defense army with a single uniform would never be as soul-stirring as national divisions wearing distinctive uniforms and insignia.

TRADITION HARD TO BREAK

It is, of course, true that the theme of Germany's song, Deutschland Uber Alles, came under Hitler to typify an abuse of nationalism—a menace to the peace of other countries. But it will be noted that recently, when it came to choosing a national anthem, all political parties in West Germany insisted on legalizing that same song under which German troops had been called to battle before. Tradition is hard to break, if indeed it is wise to attempt for any reason to break the spirit of a people's patriotism.

The placing of the U. N. flag above the American flag, it might be contended, would be a harmless courtesy, but in the present atmosphere—where the tendency is to exalt a strange kind of internationalism which infinitely seeks to disparage all national feelings as isolationism or mistaken nationalism—it is not amiss to strengthen rather than weaken faith in the symbols of the United States and especially in its flag.

The Communists, to be sure, have an international ideology. Some of the French Communists say they are for communism above all else and above even allegiance to the French flag. A union of free nations, whether it be in the U. N. or a military alliance like NATO, will be stronger when each component member has a truly national spirit than if regard for a nation's flag is insidiously undermined by an ideology of universalism.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business, for the purpose of acting on the nomination under the heading of "New Report."

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. CAPEHART in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and withdrawing the nomination of Tom Lyon, of Utah, to be Director of the Bureau of Mines, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. SMITH of New Jersey, from the Committee on Labor and Public Welfare:

Lee Mohrmann Thurston, of Michigan, to be United States Commissioner of Education.

EXECUTIVE REPORTS OF NOMINATIONS FROM COMMITTEE ON ARMED SERVICES

Mr. SALTONSTALL. Mr. President, from the Committee on Armed Services, I report favorably seven nominations of general rank in the Army and flag rank in the Navy, and ask that they be placed on the Executive Calendar.

Also, from the Committee on Armed Services, I report favorably 174 nominations in the grades of lieutenant junior grade and ensign in the Navy, 988 nominations in the grade of colonel and below in the Marine Corps, and 194 nominations in the grade of major and below in the Air Force.

In order to save the expense of printing this large list of names on the Executive Calendar, and inasmuch as they have already appeared once in the RECORD, I request that they lie on the Vice President's desk for inspection by any Senator, prior to their confirmation.

The PRESIDING OFFICER. Is there objection to the requests of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

The nominations ordered to be placed on the calendar are as follows:

Lt. Gen. Earle Everard Partridge, 33A (major general, Regular Air Force), United States Air Force, to be Deputy Chief of Staff, Operations, United States Air Force, with rank of lieutenant general, and as lieutenant general in the United States Air Force, under the provisions of section 504 and 515, Officer Personnel Act of 1947;

Lt. Gen. Leon William Johnson, 88A (major general, Regular Air Force), to be senior Air Force member, Military Staff Committee, United Nations, with the rank of lieutenant general, and as lieutenant general in the United States Air Force, under the provisions of sections 504 and 515 of the Officer Personnel Act of 1947;

Brig. Gen. Alvin Roubal Luedecke, 1486A (colonel, Regular Air Force), United States Air Force, for appointment as temporary major general in the United States Air Force, under the provisions of section 515 of the Officer Personnel Act of 1947;

Adm. William Morrow Fechteler, United States Navy, to have the grade, rank, pay, and allowances of an admiral while serving as commander in chief, Allied Forces, Southern Europe;

Vice Adm. Felix B. Stump, United States Navy, to have the grade, rank, pay, and allowances of an admiral while serving as commander in chief, Pacific, and commander in chief, United States Pacific Fleet;

Rear Adm. Thomas S. Combs, United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving as a fleet commander; and

Rear Adm. Apollo Soucek, United States Navy, to be Chief of the Bureau of Aeronautics in the Department of the Navy for a term of 4 years.

The PRESIDING OFFICER. If there be no further reports of committees the nomination under the heading "New Reports" will be stated.

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of George F. Jameson to be collector of customs in customs collection dis-

trict No. 29, with headquarters at Portland, Ore.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. KNOWLAND. I ask that the President be notified forthwith of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith of the confirmation of the nomination.

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

AMENDMENT OF NATIONAL HOUSING ACT AND SERVICEMEN'S READJUSTMENT ACT OF 1944, RELATING TO INTEREST RATES

Mr. KNOWLAND. Mr. President, I ask that the unfinished business be temporarily laid aside and that the Senate consider S. 1993, calendar No. 390.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 1993) to amend the National Housing Act, as amended, and the Servicemen's Readjustment Act of 1944, as amended, with respect to maximum interest rates, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

Mr. KNOWLAND. I have discussed this matter with both the chairman of the committee and also with the ranking minority member of the committee and the acting minority leader.

Senate bill 1993, which was introduced by the Senator from Indiana [Mr. CAPEHART], is another bill relating to the National Housing Act. I understand it ties in with legislation which has just been passed and with other legislation having a June 30 expiration date. Is my understanding correct?

Mr. SPARKMAN. The Senator is correct. The bill before the Senate is really supplemental of the bill just passed.

Mr. KNOWLAND. Was the bill reported unanimously by the committee?

Mr. SPARKMAN. The bill was reported unanimously by the committee.

Mr. LANGER. Mr. President, I desire to ask a question about the bill before it is passed. Does the bill provide for the issuance of bonds?

Mr. SPARKMAN. No, it does not provide for the issuance of bonds. The bill continues beyond June 30 certain housing programs that would have expired. The bill also gives authority to the Director of Loans in the Veterans' Administration and also to the Administrator of FHA loans to lower the rate of interest if conditions ever reach the point where they should be lowered.

Mr. LANGER. Does it not provide that bonds shall be issued for a 10-year period?

Mr. SPARKMAN. The Senator is referring to debentures. No; if I remember, that provision is contained in the bill already passed; it is not contained in S. 1993.

Mr. LANGER. I have no objection.

The PRESIDING OFFICER. The amendments have been heretofore agreed to.

The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and read the third time, and passed.

The title was amended so as to read: "A bill to amend the National Housing Act, as amended, and the Servicemen's Readjustment Act of 1944, as amended, with respect to maximum interest rates, the veterans' direct home-loan program, and for other purposes."

TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. In accordance with the unanimous consent agreement of this morning, I now ask that the usual routine business may be transacted.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on today, June 25, 1953, the President had approved and signed the act (S. 2112) to provide for the transfer of price-support wheat to Pakistan.

TEMPORARY ECONOMIC CONTROLS—CHANGE IN CONFeree

The PRESIDING OFFICER (Mr. CAPEHART in the chair). The Chair appoints the Senator from Alabama [Mr. SPARKMAN] a conferee on the part of the Senate on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, in place of the Senator from Arkansas [Mr. FULBRIGHT], who is absent by leave of the Senate.

INDEMNITIES FOR BANG'S DISEASE AND TUBERCULOSIS CONTROL—LETTER

Mr. WILEY. Mr. President, I have received an exceedingly important letter signed by five key experts in Wisconsin agriculture regarding appropriations for indemnities for Bang's Disease and T-B control.

These livestock diseases have cost the farmers of my State of Wisconsin and of other dairy States fantastic damage. I am deeply interested in doing everything I can to alleviate this problem.

An all-out effort must be made in opposition to these disease scourges.

I present the letter and ask unanimous consent that it be printed at this point in the RECORD, and appropriately referred.

There being no objection, the letter was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: It has been brought to our attention that there will be considerable pressure to prevent specific earmarking of funds for the United States Department of Agriculture. Our particular concern is for appropriations for indemnities for Bang's disease and tuberculosis control. It is our feeling that funds left open could easily be shifted to other departments.

It is our contention that indemnities are an indispensable tool in the irradiation of these diseases. The history of disease irradiation in this and other countries certainly substantiates this contention. We must give more consideration to contagious disease irradiation rather than control. We have, in the past, considered living with disease instead of irradiating the scourge. Traditional indemnity payments are needed to encourage livestockmen to rid their herds of diseased animals.

The only other means of irradiating these diseases is by the forcible elimination of the diseased animals. We all know that compulsion is one of the basic dangers we have been fighting.

With these facts in mind, we trust that you will give every consideration to this matter.

Sincerely yours,

ELSMER BERG,
Brownsville, Wis., President, Wisconsin Holstein-Friesian Association.

SAM C. STANCHFIELD,
Fond du Lac, Wis., President, Wisconsin Purebred Dairy Cattle Association.

KENNETH RHEIN,
Oakfield, Wis., Farm Legislative Representative, Wisconsin State Grange.

ERNEST FREUND,
Fond du Lac, Wis., President, Association of Wisconsin Auctioneers.

PAUL L. CHRISTOPH,
Chilton, Wis., Secretary, Fox River Valley Holstein-Friesian Association.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. SALTONSTALL, from the Committee on Armed Services:

S. 1422. A bill to continue the effect of the statutory provisions relating to the deposit of savings for members of the Army and Air Force, and for other purposes; without amendment (Rept. No. 458);

S. 1999. A bill to provide for the recovery, care, and disposition of the remains of members of the uniformed services and certain other personnel, and for other purposes; without amendment (Rept. No. 459);

S. 2000. A bill to authorize the retirement of non-Regular officers of the Army and Air Force having more than 30 years' active Federal service under the same conditions presently provided for such officers having less than 30 years' service, and for other purposes; without amendment (Rept. No. 461); and

S. 2079. A bill to provide for the use of the American National Red Cross in aid of the Armed Forces, and for other purposes; with an amendment (Rept. No. 460).

ACTIVE-DUTY STATUS FOR ALL UNITED STATES PROPERTY AND FISCAL OFFICERS—REPORT OF A COMMITTEE

Mr. HUNT. Mr. President, from the Committee on Armed Services, I report favorably an original bill to amend section 67 of the National Defense Act, as amended, to provide for an active-duty status for all United States property and fiscal officers, and I submit a report (No. 462) thereon.

The PRESIDING OFFICER. The report will be received, and the bill will be placed on the calendar.

The bill (S. 2217) to amend section 67 of the National Defense Act, as amended, to provide for an active-duty status for all United States property and fiscal officers, reported by Mr. HUNT from the Committee on Armed Services, was read twice by its title and placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. HUNT:

S. 2217. A bill to amend section 67 of the National Defense Act, as amended, to provide for an active-duty status for all United States property and fiscal officers; placed on the calendar.

(See the remarks of Mr. HUNT when he reported the above bill from the Committee on Armed Services, which appear under a separate heading.)

By Mr. WILEY (by request):

S. 2218. A bill to amend the Labor-Management Relations Act, 1947, with respect to the applicability of State labor-relations laws to controversies within the scope of such act; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. WILEY when he introduced the above bill, which appear under a separate heading.)

By Mr. BRIDGES:

S. 2219. A bill for the relief of Vasillos Demetriou Kretsos and his wife, Chryssa Thomaidou Kretsos; to the Committee on the Judiciary.

By Mr. BUTLER of Nebraska (for himself and Mr. ANDERSON):

S. 2220. A bill to amend section 28 of the act of February 25, 1920, as amended, so as to provide certain exemptions from the requirement that pipelines having rights-of-way over public lands must be operated as common carriers; to the Committee on Interior and Insular Affairs.

By Mr. DOUGLAS:

S. 2221. A bill for the relief of Dr. Brant Bonner; and

S. 2222. A bill for the relief of Lucia Meziloglou; to the Committee on the Judiciary.

By Mr. WILLIAMS:

S. 2223. A bill to amend the Mineral Leasing Act for acquired lands to require competitive bidding for leases of deposits of oil and gas not within any known geological structure of a producing oil or gas field; to the Committee on Interior and Insular Affairs.

By Mrs. SMITH of Maine:

S. 2224. A bill to amend the War Claims Act of 1948, as amended, to confer benefits upon certain American citizens interned, and members of the Armed Forces held as prisoners of war, by any hostile force with which the United States has been engaged in armed conflict subsequent to June 25, 1950; to the Committee on the Judiciary.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 1, 1953
For actions of June 30, 1953
53rd-1st, No. 120

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HIGHLIGHTS: Both Houses agreed to revised economic-controls bill and received President's request for foreign-relief authority. Senate debated foreign aid bill and confirmed McLeaish nomination. Senate committee reported crop insurance, fur-loans, sheep-disease, and farm-tenant interest-rate bills. President approved temporary appropriation measure. Sen. Aiken and Rep. Hope introduced foreign-relief bills.

HOUSE

- 1. ECONOMIC CONTROLS.** Both Houses agreed to the conference report on S. 1081, the temporary economic controls bill (H. Rept. 694) (pp. 7861, 7847-9, 7897-901). The revised conference report is the same as the previous one except that it provides for continuing the Small Defense Plants Administration through July 31, 1953. This bill will now be sent to the President.
- 2. FOREIGN RELIEF.** Both Houses received the President's message recommending general authority to utilize surplus agricultural commodities held by the Government to alleviate famine or other emergency conditions among certain nations, and authority to establish the conditions under which these agricultural commodities would be made available, and to utilize CCC on a reimbursable basis for this purpose (H. Doc. 202); to Senate Agriculture and Forestry Committee and House Agriculture Committee (pp. 7836-7, 6886-8).
- 3. EMERGENCY POWERS.** Agreed to a Senate amendment to H. J. Res. 285, providing for a 1-month extension of certain emergency powers (p. 7821). This bill will now be sent to the President.
- 4. APPROPRIATIONS.** Agreed to a resolution for consideration of H. R. 5969, the Defense Department appropriation bill for 1954 (pp. 7856-9).
- 5. WATERSHED PROGRAM.** Rep. Andersen inserted a New York Times editorial urging that the \$5 million appropriation for pilot-plant watershed projects, rejected by the Senate, be restored in conference (p. 7825).

6. TREATIES. Rep. Smith, Wis., spoke in favor of the Bricker resolution to limit treaty powers (pp. 7859-60).
7. ELECTRIFICATION. Received a Wis. Legislature memorial supporting the REA program (p. 7862).
8. PROPERTY. Received a Colo. Legislature memorial opposing further acquisition of private property by the Federal Government except with local government approval (p. 7862).
9. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 3956, providing for conveyance of a tract of land in the Santa Fe National Forest, N. Mex. (H. Rept. 691)(p. 7861).
10. MINERALS. A Subcommittee reported to the full Interior and Insular Affairs Committee H. R. 3306, relating to reservation of mineral rights in land patented under the nonmineral-land laws (p. D639).
11. APPROPRIATIONS. On June 25, received from the President the following supplemental appropriation estimates:

"For expenses necessary to assist the President in improving the management of executive agencies and in obtaining greater economy and efficiency through the establishment of more efficient business methods in Government operations...by allocation to any agency or office in the executive branch for the conduct, under the general direction of the Bureau of the Budget, of examinations and appraisals of, and the development and installation of improvements in, the organization and operations of such agency or of other agencies in the executive branch, \$1,000,000."

For the Commission on Governmental Operations, to be created under S. 106, \$250,000. This is a tentative estimate, and it is anticipated that the Commission will request additional funds later.

To carry out the Mexican farm labor program for the last 6 months of the fiscal year 1954, \$900,000.

For the Commission on Foreign Economic Policy, \$500,000.
12. FARM LOANS. On June 27 the House agreed to a Wolcott amendment to S. 1376, which would amend the Lanham Housing Act. The amendment was identical with the proposed bill, which had been submitted by this Department, to amend Title I of the Bankhead-Jones Farm Tenant Act and Title V of the Housing Act of 1949 (relating to farm housing) so as to extend veterans' preference to persons who have served in the Korean conflict. On June 29 the Senate concurred in the House amendment. The bill, including the proposal of this Department, is now ready for approval by the President. The proposed legislation had been received by the Senate on June 27 (item 21 of Digest 118 was in error).

SENATE

13. FORESTRY; RESEARCH; CROP INSURANCE; FARM LOANS. The Agriculture and Forestry Committee reported with amendment S. 725, to amend the act directing a national survey of forest resources so as to include U. S. Territories and possessions (S. Rept. 483); S. 894, to convey national forest land in Basalt, Colo. (S. Rept. 484); and S. 1152, to extend for 5 years the authority to make loans to fur farmers (S. Rept. 485). The Committee reported with amendments S. 1367, to extend for 4 years the authority for expansion of the crop-insurance program into additional counties (S. Rept. 486), and S. 1267, to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under Title I thereof (S. Rept. 488). The Committee reported without amendment

DEFENSE PRODUCTION ACT AMENDMENTS OF 1953

JUNE 30, 1953.—Ordered to be printed

Mr. WOLCOTT, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 1081]

The committee of conference on the disagreeing votes of the two House on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That this Act may be cited as the "Defense Production Act Amendments of 1953"*.

SEC. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"DECLARATION OF POLICY

"SEC. 2. In view of the present international situation and in order to provide for the national defense and national security our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires expansion of productive facilities beyond the levels needed to meet the civilian demand."

SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in pref-

erence to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

“(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.”

SEC. 4. Subsection (a) of section 301 of the Defense Production Act of 1950, as amended, is amended by striking out “, or in connection with or in contemplation of the termination,” and by inserting before the period at the end thereof a comma and the following: “or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in section 714 (a) (1) of this Act) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply”.

SEC. 5. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is amended by striking out “1962” and inserting in lieu thereof “1963”.

SEC. 6. Section 303 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof a new subsection as follows:

“(f) Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this Act, shall be transferred to the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.

“Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such Act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, minerals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this Act, as amended, shall be reduced in an amount equal to the amount of any notes so canceled.”

SEC. 7. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

“(c) Whenever the President invokes the powers given him in this Act to allocate any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953:

Provided, however, That the President shall from time to time give effect to the then current competitive position of established businesses as measured over a reasonable period of time, except as the same may result from Government controls under this or any other Act: Provided further, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: Provided further, That if the President continues or reimposes allocation controls after June 30, 1953, in the civilian market of any materials subject to such controls on July 1, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations."

SEC. 8. Section 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(d) The term 'national defense' means programs for military and atomic energy production or construction, military assistance to any foreign nation, stockpiling, and directly related activity."

SEC. 9. Subsection (e) of section 705 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following paragraph:

"All information obtained by the Office of Price Stabilization under this section 705, as amended, and not made public prior to April 30, 1953, shall be deemed confidential and shall not be published or disclosed, either to the public or to another Federal agency except the Congress or any duly authorized committee thereof, and except the Department of Justice for such use as it may deem necessary in the performance of its functions, unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both."

SEC. 10. (a) Paragraph (4) of subsection (a) of section 714 of the Defense Production Act of 1950, as amended, is amended by striking out "June 30, 1953" and inserting in lieu thereof "July 31, 1953".

(b) Paragraph (3) of subsection (f) of section 714 of the Defense Production Act of 1950, as amended, is amended by inserting after the word "allocated" the first time it appears therein the words "in the civilian market".

(c) Paragraph (4) of subsection (f) of section 714 of the Defense Production Act of 1950, as amended, is repealed.

SEC. 11. Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(a) Title I (except section 104), title III, and title VII (except section 714) of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955. Section 714 of this Act, and all authority conferred thereunder, shall terminate at the close of July 31, 1953. Section 104, title II, and title VI of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953. Titles IV and V of this Act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953."

SEC. 12. The first sentence of subsection (c) of section 717 of the Defense Production Act of 1950, as amended, is amended, by adding before the period at the end thereof a comma and the following: "or the taking of any action (including the making of new guarantees) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation adjustment or settlement of any loans guaranteed under this Act, including actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection".

And the House agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
PAUL BROWN,

Managers on the Part of the House.

HOMER E. CAPEHART,
JOHN W. BRICKER,
WALLACE F. BENNETT,
PRESCOTT BUSH,
BURNET R. MAYBANK,
WILLIS ROBERTSON,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

TERMINATION DATES

The Senate bill provided for a 2-year extension of certain provisions of the Defense Production Act of 1950. The House amendment provided for a 1-year extension of some, but not all, of these provisions. The conference substitute provides for a 2-year extension of those provisions which the House amendment extended for 1 year. These provisions, which will terminate June 30, 1955, under the conference substitute, are sections 101, 102, and 103 of title I (which relate to priorities and allocation controls and hoarding); title III (which relates to expansion of productive capacity and supply); and title VII (which contains general provisions relating to the administration of the act), except section 714. As explained below, section 714, which provides for the Small Defense Plants Administration, will terminate July 31, 1953.

SMALL BUSINESS

Section 714 of the Defense Production Act of 1950 provides for a Small Defense Plants Administration which expires, under section 717 of the act, on June 30, 1953. The Senate bill continued the Small Defense Plants Administration through June 30, 1955.

In lieu of continuing the Small Defense Plants Administration beyond June 30, the House Amendment added a new title II to the bill, establishing a Small Business Administration. This title is identical with H. R. 5141, which passed the House June 5, 1953, and has been referred to the Senate Committee on Banking and Currency.

The conference substitute does not contain this title. Instead it provides for continuing the Small Defense Plants Administration through July 31, 1953, in order to give the Senate an opportunity to further consider and act upon the House Small Business Administration bill during the temporary extension period.

DEFINITION OF "NATIONAL DEFENSE"

The Senate bill amended the definition of "national defense", contained in section 702 (d) of the Defense Production Act of 1950,

to read as follows: "The term 'national defense' means programs for military and atomic energy production or construction, military assistance to any foreign nation and stockpiling and directly related activity." The House amendment contained a substitute definition covering the activities and operations of the Armed Forces and the Atomic Energy Commission and other agencies certified by the Department of Defense as directly and substantially concerned with the national defense, and operations and activities in connection with the Mutual Defense Assistance Act of 1949. The conference substitute contains the definition included in the Senate bill, with an amendment to make it clear that the phrase "directly related activity" applies to programs for military and atomic energy production or construction and military assistance to foreign nations, as well as to stockpiling.

INFORMATION OBTAINED BY THE OFFICE OF PRICE STABILIZATION

The House amendment contained a provision, not included in the Senate bill, barring disclosure of certain information obtained by the Office of Price Stabilization, except to the Department of Justice, unless the President determines it is contrary to the interest of the national defense to withhold the information. The conference substitute includes this provision, with two amendments. The first amendment provides that such information may be disclosed to the Congress or any of its authorized committees. The second amendment makes it clear that such information, when disclosed to the Department of Justice, may be used by it to the extent it deems necessary in performing its functions.

PRODUCERS OF MINERALS AND METALS

It has been contended that the Small Defense Plants Administration would not consider producers of strategic and critical minerals and metals as small business concerns and therefore such producers were denied the assistance afforded to small business concerns under the provisions of section 714 of the Defense Production Act of 1950 which created the Small Defense Plants Administration. As a result section 10 of the bill as passed the Senate proposed to amend the definition of "small business" contained in section 714 (a) (1) of the Defense Production Act of 1950 as amended. To make it clear that the producers of strategic and critical minerals and metals were eligible for the assistance provided to small business under such section if such producers otherwise qualified as small business concerns a similar amendment was proposed to the definition of "small business" when the Small Business Act of 1953 was being considered in the House of Representatives. The amendment was withdrawn after full assurance was given by the committee that such producers were as eligible as any other business so long as such producers were small business concerns. It was made clear in the discussion of this amendment in the House that a small business concern was not to be denied assistance merely because it was a producer of strategic minerals and metals. It was made clear that producers of minerals and metals other than strategic and critical were likewise eligible for the benefits so long as they were small business concerns.

The proposed change in the definition of a small business concern to specifically include producers of strategic and critical minerals was not retained in the conference substitute merely because by specifically naming certain businesses which were to be included as small business concerns it might be construed as eliminating other business concerns because they were not so specifically named. It is the unanimous opinion of the conferees that a producer of strategic and critical minerals and metals is as eligible for assistance under section 714 of the Defense Production Act of 1950 as any other business concern if it otherwise meets the criteria for a small business concern under the act.

DISTRIBUTION OF MATERIALS TO SMALL BUSINESS

In view of the termination of the allocation of many materials for civilian purposes, it is the hope of the conferees that the producers of such materials will continue to distribute their supplies so as to assure small users thereof sufficient quantities to meet their current requirements.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
PAUL BROWN,

Managers on the Part of the House.



On June 29, 1953:

H. J. Res. 287. Joint resolution making temporary appropriations for the fiscal year ending June 30, 1954, and for other purposes.

On June 30, 1953:

H. J. Res. 285. Joint resolution to extend the effectiveness of certain statutory provisions from July 1, 1953, to August 1, 1953.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 32 minutes p. m.), under its previous order, the House adjourned until tomorrow, Wednesday, July 1, 1953, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

812. A letter from the Administrator, Federal Civil Defense Administration, transmitting a draft of a proposed bill entitled "A bill to amend section 201 of the Federal Civil Defense Act of 1950, by adding thereto a new subsection authorizing financial contributions to the States for the purpose of providing compensation for injury or death sustained by any person serving in the United States Civil Defense Corps"; to the Committee on Armed Services.

813. A letter from the Acting General Counsel, Office of the Secretary of Defense, transmitting a draft of proposed legislation entitled "A bill to authorize the loan of a small aircraft carrier to the Government of France"; to the Committee on Armed Services.

814. A letter from the president, Board of Commissioners of the District of Columbia, transmitting a draft of a bill entitled "A bill to increase the salaries of employees of the Board of Education of the District of Columbia"; to the Committee on the District of Columbia.

815. A letter from the president, Board of Commissioners of the District of Columbia, transmitting a draft of a bill entitled "A bill to amend the act entitled 'An act to create a board for the condemnation of insanitary buildings in the District of Columbia, and for other purposes,' approved May 1, 1906, as amended, and for other purposes"; to the Committee on the District of Columbia.

816. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal and lists or schedules covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HILL: Select Committee on Small Business. Preliminary report on the lead and zinc industry in the United States, pursuant to House Resolution 22, 83d Congress, 1st session. Resolution creating a select committee to conduct a study and investigation of the problems of small business; without amendment (Rept. No. 688). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLVERTON: Committee of conference. S. 35. An act to amend the Federal Airport Act in order to extend the time during which requests may be made for reimbursement for damages to public airports resulting from military operations; without amendment (Rept. No. 690). Ordered to be printed.

Mr. WOLCOTT: Committee of conference. S. 2103. An act to amend the National Housing Act and other laws relating to housing; without amendment (Rept. No. 692). Ordered to be printed.

Mr. JACKSON: Committee on Foreign Affairs. H. R. 2972. A bill to authorize an agreement between the United States and Mexico for the joint operation and maintenance by the International Boundary and Water Commission, United States and Mexico, of the Nogales sanitation project, and for other purposes; without amendment (Rept. No. 693). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLCOTT: Committee of conference. S. 1081. An act to provide authority for temporary economic controls, and for other purposes; without amendment (Rept. No. 694). Ordered to be printed.

Mr. ROBSION of Kentucky: Committee on the Judiciary. H. R. 1070. A bill to amend title 28, United States Code; with amendment (Rept. No. 695). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 2779. A bill to provide for perfecting the title of C. A. Lundy to certain lands in the State of California heretofore patented by the United States; without amendment (Rept. No. 689). Referred to the Committee of the Whole House.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 3956. A bill to provide for the conveyance of certain lands within the Santa Fe National Forest, N. Mex., and for other purposes; without amendment (Rept. No. 691). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolution were introduced and severally referred as follows:

By Mr. BOYKIN:

H. R. 5996. A bill to authorize the modification of the existing project for Mobile Harbor, Ala., in order to improve facilities for navigation; to the Committee on Public Works.

By Mr. FARRINGTON:

H. R. 5997. A bill to enable the Legislature of the Territory of Hawaii to authorize the issuance of general obligation bonds, the proceeds thereof to be used for veterans' mortgages; to the Committee on Interior and Insular Affairs.

By Mr. FINO:

H. R. 5998. A bill to provide that judicial review of dismissals for cause from the classified (competitive) civil service may be had in the district court of the United States for the district in which the dismissed person had been employed, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. GEORGE:

H. R. 5999. A bill to exempt States and political subdivisions thereof from the tax on conveyances, and for other purposes; to the Committee on Ways and Means.

By Mr. GRANAHAN:

H. R. 6000. A bill to amend the Internal Revenue Code to exempt from the Federal admissions tax admissions to sports arenas; to the Committee on Ways and Means.

By Mr. HINSHAW (by request):

H. R. 6001. A bill to amend the Air Commerce Act of 1926, as amended, to authorize navigation of foreign, nontransport, civil aircraft in the United States through reciprocity and under regulations of the Civil Aeronautics Board; to the Committee on Interstate and Foreign Commerce.

By Mr. KERSTEN of Wisconsin:

H. R. 6002. A bill to amend the Internal Revenue Code to provide a deduction for certain expenses paid or incurred by the taxpayer for his own education or for the education of any other person; to the Committee on Ways and Means.

By Mr. KILDAY:

H. R. 6003. A bill to authorize the President to appoint to the grade of general in the Army of the United States those officers who, in grade of lieutenant general, commanded the Army Ground Forces or commanded an army during World War II, and for other purposes; to the Committee on Armed Services.

By Mr. McCORMACK:

H. R. 6004. A bill to amend part II of title III of the Communications Act of 1934 so as to require the installation of an automatic radio call selector on cargo ships of the United States carrying less than two radio operators, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PHILBIN:

H. R. 6005. A bill to provide that all gifts made to aid a disaster area shall be allowed as deductions for income-tax purposes; to the Committee on Ways and Means.

H. R. 6006. A bill to provide that the expense to an employer of repairing or rebuilding the home of an employee damaged or destroyed in a major disaster shall be considered a business expense for income-tax purposes; to the Committee on Ways and Means.

By Mr. PHILLIPS:

H. R. 6007. A bill to amend the Internal Revenue Code to permit certain water-district taxes to be deducted from gross income; to the Committee on Ways and Means.

By Mr. REGAN:

H. R. 6008. A bill to amend the mineral-leasing laws with respect to their application in the case of pipelines passing through the public domain; to the Committee on Interior and Insular Affairs.

By Mr. THOMPSON of Texas:

H. R. 6009. A bill to provide assistance to farmers and stockmen in areas where a production disaster caused by severe drought has occurred; to the Committee on Agriculture.

By Mr. TRIMBLE:

H. R. 6010. A bill to aid the drought-stricken areas of the United States; to the Committee on Agriculture.

By Mr. DAWSON of Utah:

H. R. 6011. A bill to amend the Tariff Act of 1930, as amended, to provide a flexible duty on the importation of lead and zinc so as to stabilize the domestic production of such articles; to the Committee on Ways and Means.

By Mr. DONDERO:

H. R. 6012. A bill to provide a civil remedy for violations of section 506 of the Communi-

cations Act of 1934; to the Committee on Interstate and Foreign Commerce.

By Mr. HILL:

H. R. 6013. A bill to extend for a period of 5 years the authority of the Secretary of Agriculture to make loans to fur farmers; to the Committee on Agriculture.

By Mr. MILLS:

H. R. 6014. A bill to provide assistance to farmers and stockmen in areas where a production disaster caused by severe drought has occurred; to the Committee on Agriculture.

By Mr. TEAGUE:

H. R. 6015. A bill to clarify the law pertaining to hospital, domiciliary, and medical care of veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. HOPE:

H. R. 6016. A bill to authorize the Commodity Credit Corporation to make agricultural commodities owned by it available to the President for the purpose of enabling the President to assist in meeting famine or other urgent relief requirements in countries friendly to the United States; to the Committee on Agriculture.

By Mr. McDONOUGH:

H. R. 6017. A bill to amend the Federal Home Loan Bank Act, the Home Owner's Loan Act of 1933, title IV of the National Housing Act, and the judicial code in order to define the limitations of Government control of savings and loan associations, to provide judicial and administrative remedies, and for other purposes; to the Committee on Banking and Currency.

By Mr. WAINWRIGHT:

H. J. Res. 288. Joint resolution proposing an amendment to the Constitution of the United States granting to citizens of the United States who have attained the age of 19 the right to vote; to the Committee on the Judiciary.

By Mr. HARDY:

H. Res. 311. Resolution creating a select committee to conduct an investigation and study of the benefits provided under Federal law for the surviving dependents of deceased members and former members of the Armed Forces; to the Committee on Rules.

By Mr. VELDE:

H. Res. 312. Resolution authorizing the printing of additional copies of the publication entitled "Soviet Schedule for War, 1955" for the use of the Committee on Un-American Activities; to the Committee on House Administration.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By Mr. CHENOWETH: Memorial of the Colorado State Legislature requesting Congress to enact legislation prohibiting the further acquisition of private property by the Federal Government, except with the approval of the local governmental authorities concerned; to the Committee on the Judiciary.

Also memorial of the Colorado State Legislature approving Senate Joint Resolution 1, joint resolution proposing an amendment to the Constitution of the United States, relating to the legal effect of certain treaties and executive agreements, known as the Bricker amendment; to the Committee on the Judiciary.

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin memorializing the President and the Congress of the United States to continue the Federal rural electrification program with undiminishing support and zeal; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BATES (by request):

H. R. 6018. A bill for the relief of Joaquim Henriques; to the Committee on the Judiciary.

By Mr. BRAY:

H. R. 6019. A bill for the relief of Roy A. Hamblen; to the Committee on the Judiciary.

By Mrs. BUCHANAN:

H. R. 6020. A bill for the relief of the estate of James Francis Nicholson; to the Committee on the Judiciary.

By Mr. COUDERT:

H. R. 6021. A bill for the relief of John Gerassi; to the Committee on the Judiciary.

By Mr. DELANEY:

H. R. 6022. A bill for the relief of Freidun Kurt Andolsun, his wife Munevver, and children Ayshe, Suleyman, Orhan, and Osman Andolsun; to the Committee on the Judiciary.

By Mr. DONOVAN:

H. R. 6023. A bill for the relief of James C. H. Paulson; to the Committee on the Judiciary.

By Mr. ENGLE:

H. R. 6024. A bill for the relief of Miss Melko Shikibu; to the Committee on the Judiciary.

By Mr. FARRINGTON:

H. R. 6025. A bill to authorize the Secretary of the Army to grant a license to the Leahi Hospital, a nonprofit institution, to use certain United States property in the city and county of Honolulu, T. H.; to the Committee on Armed Services.

H. R. 6026. A bill for the relief of Gertrud O. Heinz; to the Committee on the Judiciary.

By Mr. FINE:

H. R. 6027. A bill for the relief of Ramon Tavarez; to the Committee on the Judiciary.

By Mr. FRELINGHUYSEN:

H. R. 6028. A bill for the relief of Rita Soldano; to the Committee on the Judiciary.

By Mr. HOWELL:

H. R. 6029. A bill for the relief of Mrs. Batoul Niroumand Vaziri; to the Committee on the Judiciary.

By Mr. LANTAFF:

H. R. 6030. A bill for the relief of Hans Goldstein; to the Committee on the Judiciary.

By Mr. MACHROWICZ:

H. R. 6031. A bill for the relief of Zdzislaw Aleksander Peszkowski; to the Committee on the Judiciary.

By Mr. McMILLAN:

H. R. 6032. A bill for the relief of Leon Coleman; to the Committee on the Judiciary.

By Mr. WILLIS:

H. R. 6033. A bill for the relief of Albert Vincent, Sr.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

379. By the SPEAKER: Petition of R. L. Jackson and 1,222 others, Western Conference of Building Service Employees, San Francisco, Calif., requesting passage of House bill 1942, and wishing to be placed on record as unanimously favoring legislation to amend the Social Security Act, creating permissive legislation to include employees of political subdivisions of a State under the act; to the Committee on Ways and Means.

Maturity schedule of U. S. Government interest-bearing public marketable securities,
July 1, 1953, to Dec. 31, 1954—Continued

[In millions of dollars]

Year and month	Description of security	Fixed maturity issues	Callable issues classified by year of—	
			First call	Final maturity
1954—				
February.....	2½ percent certificates, Feb. 15, 1954—A.....	8,114		
March.....	1½ percent note, Mar. 15, 1954—A.....	4,675		
June.....	2½ percent certificates, June 1, 1954.....	4,900		
	2 percent bond, June 15, 1952—1954.....			5,825
	2½ percent bond, June 15, 1954—1956.....		681	
December.....	2 percent bond, Dec. 15, 1952—1954.....			8,662
	Total.....	17,659	681	14,487

1 Callable on 4 months' notice on Dec. 15, 1953, succeeding interest payment date.

NOTE.—Secretary Humphrey before the House Ways and Means Committee on June 3, 1953, estimated: Billions
July 1 to Dec. 31, 1953, cash deficit..... \$8.8
Jan. 1 to June 30, 1954, cash surplus..... 6.0

Fiscal year ended June 30, 1954—Cash deficit..... 2.8

Estimated new money borrowings July 1 to Dec. 31, 1953, at \$9 billion to \$12 billion (to take care of cash deficit above, plus cash requirements for unexchanged securities in refundings, net payments of savings bonds, etc.).

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

TEMPORARY ECONOMIC CONTROLS

Mr. WOLCOTT submitted the following conference report and statement on the bill (S. 1081) for the temporary economic controls, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 694)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Defense Production Act Amendments of 1953'."

"SEC. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"DECLARATION OF POLICY

"SEC. 2. In view of the present international situation and in order to provide for the national defense and national security our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires expansion of productive facilities beyond the levels needed to meet the civilian demand."

"SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds

to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship."

"SEC. 4. Subsection (a) of section 301 of the Defense Production Act of 1950, as amended, is amended by striking out ", or in connection with or in contemplation of the termination," and by inserting before the period at the end thereof a comma and the following: 'or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in section 714 (a) (1) of this Act) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply'."

"SEC. 5. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is amended by striking out '1962' and inserting in lieu thereof '1963'."

"SEC. 6. Section 303 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof a new subsection as follows:

"(f) Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this Act, shall be transferred to the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.

"Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such Act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, min-

erals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this Act, as amended, shall be reduced in an amount equal to the amount of any notes so canceled."

"SEC. 7. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(c) Whenever the President invokes the powers given him in this Act to allocate any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953: *Provided, however,* That the President shall, from time to time give effect to the then current competitive position of established businesses as measured over a reasonable period of time, except as the same may result from Government controls under this or any other Act: *Provided further,* That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: *Provided further,* That if the President continues or reimposes allocation controls after June 30, 1953, in the civilian market of any materials subject to such controls on July 1, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations."

"SEC. 8. Section 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(d) The term "national defense" means programs for military and atomic energy production or construction, military assistance to any foreign nation, stockpiling, and directly related activity."

"SEC. 9. Subsection (e) of section 705 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following paragraph:

"All information obtained by the Office of Price Stabilization under this section 705, as amended, and not made public prior to April 30, 1953, shall be deemed confidential and shall not be published or disclosed, either to the public or to another Federal agency except the Congress or any duly authorized committee thereof, and except the Department of Justice for such use as it may deem necessary in the performance of its functions, unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both."

"SEC. 10. (a) Paragraph (4) of subsection (a) of section 714 of the Defense Production Act of 1950, as amended, is amended by striking out 'June 30, 1953' and inserting in lieu thereof 'July 31, 1953'."

"(b) Paragraph (3) of subsection (f) of section 714 of the Defense Production Act of 1950, as amended, is amended by inserting after the word 'allocated' the first time it appears therein the words 'in the civilian market'."

"(c) Paragraph (4) of subsection (f) of section 714 of the Defense Production Act of 1950, as amended, is repealed.

"SEC. 11. Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(a) Title I (except section 104), title III, and title VII (except section 714) of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955. Section 714 of this Act, and all authority conferred thereunder, shall terminate at the close of July 31, 1953. Section 104, title II, and title VI of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953. Titles IV and V of this Act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953."

"SEC. 12. The first sentence of subsection (c) of section 717 of the Defense Production Act of 1950, as amended, is amended by adding before the period at the end thereof a comma and the following: 'or the taking of any action (including the making of new guarantees) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this Act, including actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection.'"

And the House agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
PAUL BROWN,

Managers on the Part of the House.

HOMER E. CAPEHART,
JOHN W. BRICKER,
WALLACE F. BENNETT,
PRESCOTT BUSH,
BURNET R. MAYBANK,
WILLIS ROBERTSON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

TERMINATION DATES

The Senate bill provided for a 2-year extension of certain provisions of the Defense Production Act of 1950. The House amendment provided for a 1-year extension of some, but not all, of these provisions. The conference substitute provides for a 2-year extension of those provisions which the House amendment extended for 1 year. These provisions, which will terminate June 30, 1955, under the conference substitute, are sections 101, 102, and 103 of title I (which relate to priorities and allocation controls and hoarding); title III (which relates to expansion of productive capacity and supply); and title VII (which contains general provisions relating to the administration of the

act), except section 714. As explained below, section 714, which provides for the Small Defense Plants Administration, will terminate July 31, 1953.

SMALL BUSINESS

Section 714 of the Defense Production Act of 1950 provides for a Small Defense Plants Administration which expires, under section 717 of the act, on June 30, 1953. The Senate bill continued the Small Defense Plants Administration through June 30, 1955.

In lieu of continuing the Small Defense Plants Administration beyond June 30, the House amendment added a new title II to the bill, establishing a Small Business Administration. This title is identical with H. R. 5141, which passed the House June 5, 1953, and has been referred to the Senate Committee on Banking and Currency.

The conference substitute does not contain this title. Instead it provides for continuing the Small Defense Plants Administration through July 31, 1953, in order to give the Senate an opportunity to further consider and act upon the House Small Business Administration bill during the temporary extension period.

DEFINITION OF "NATIONAL DEFENSE"

The Senate bill amended the definition of "national defense", contained in section 702 (d) of the Defense Production Act of 1950, to read as follows: "The term 'national defense' means programs for military and atomic energy production or construction, military assistance to any foreign nation and stockpiling and directly related activity." The House amendment contained a substitute definition covering the activities and operations of the Armed Forces and the Atomic Energy Commission and other agencies certified by the Department of Defense as directly and substantially concerned with the national defense, and operations and activities in connection with the Mutual Defense Assistance Act of 1949. The conference substitute contains the definition included in the Senate bill, with an amendment to make it clear that the phrase "directly related activity" applies to programs for military and atomic energy production or construction and military assistance to foreign nations, as well as to stockpiling.

INFORMATION OBTAINED BY THE OFFICE OF PRICE STABILIZATION

The House amendment contained a provision, not included in the Senate bill, barring disclosure of certain information obtained by the Office of Price Stabilization, except to the Department of Justice, unless the President determines it is contrary to the interest of the national defense to withhold the information. The conference substitute includes this provision, with two amendments. The first amendment provides that such information may be disclosed to the Congress or any of its authorized committees. The second amendment makes it clear that such information, when disclosed to the Department of Justice, may be used by it to the extent it deems necessary in performing its functions.

PRODUCERS OF MINERALS AND METALS

It has been contended that the Small Defense Plants Administration would not consider producers of strategic and critical minerals and metals as small business concerns and therefore such producers were denied the assistance afforded to small business concerns under the provisions of section 714 of the Defense Production Act of 1950 which created the Small Defense Plants Administration. As a result section 10 of the bill as passed the Senate proposed to amend the definition of "small business" contained in section 714 (a) (1) of the Defense Production Act of 1950 as amended. To make it clear that the producers of strategic and critical minerals and metals were eligible for the

assistance provided to small business under such section if such producers otherwise qualified as small business concerns a similar amendment was proposed to the definition of "small business" when the Small Business Act of 1953 was being considered in the House of Representatives. The amendment was withdrawn after full assurance was given by the committee that such producers were as eligible as any other business so long as such producers were small business concerns. It was made clear in the discussion of this amendment in the House that a small business concern was not to be denied assistance merely because it was a producer of strategic minerals and metals. It was made clear that producers of minerals and metals other than strategic and critical were likewise eligible for the benefits so long as they were small business concerns.

The proposed change in the definition of a small business concern to specifically include producers of strategic and critical minerals was not retained in the conference substitute merely because by specifically naming certain businesses which were to be included as small business concerns it might be construed as eliminating other business concerns because they were not so specifically named. It is the unanimous opinion of the conferees that a producer of strategic and critical minerals and metals is as eligible for assistance under section 714 of the Defense Production Act of 1950 as any other business concern if it otherwise meets the criteria for a small business concern under the act.

DISTRIBUTION OF MATERIALS TO SMALL BUSINESS

In view of the termination of the allocation of many materials for civilian purposes, it is the hope of the conferees that the producers of such materials will continue to distribute their supplies so as to assure small users thereof sufficient quantities to meet their current requirements.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
PAUL BROWN,

Managers on the Part of the House.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (S. 1081) for the temporary economic controls, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

[Mr. HAYS of Ohio addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. PATMAN. Mr. Speaker, I did not sign the conference report on this bill. This is the bill that carried the Small Business Administration as an amendment. I did not feel that the conference report deals fairly with the Small Business Administration part of the bill.

The fact is that tonight at 12 o'clock the Small Defense Plants Administration expires, on June 30, and this conference report extends it only 30 days, with the promise, it is true, that during that time the other body will take up the Hill bill

we passed here, a bill separate and distinct from this particular bill and which is now pending in the other body, and give it consideration if they can during the next 30 days in the hope that something will be agreed to that will take the place of the Small Defense Plants Administration. Believing that that is a very insecure position for the small concerns, the independent concerns of the United States, and that it has not dealt with them in a way that I consider to be exactly the way that they should be dealt with, I did not sign the report. Consequently, I am in opposition to that part of the conference report.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

PROVIDING FOR AN ADDITIONAL ASSISTANT POSTMASTER GENERAL

Mr. REES of Kansas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5302) to provide an additional Assistant Postmaster General in the Post Office Department.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5302, with Mr. CANFIELD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. REES of Kansas. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this legislation will authorize an additional Assistant Postmaster General, whose primary responsibility will be the establishment and supervision of a unified and comprehensive personnel program for the Post Office Department.

I am fully aware of all of the factors involved in recommending approval of this legislation to create an additional assistant postmaster generalship. Thorough hearings, both open and in executive session, were held on the legislation.

The Postmaster General, his Deputy, the present Assistant Postmasters General, and top operating officials of the Department were interrogated at length and in detail as to exactly how this legislation will be administered.

As a result of these deliberations, the Committee on Post Office and Civil Service concluded that the post of Assistant Postmaster General, with the primary personnel responsibility I have outlined, will clearly be in the public interest. This decision was reached with full realization of the responsibility assumed by the committee in recommending the creation of a new top position in Government. In the committee's judgment, however, it is necessary to spend a moderate amount in this instance, in order to gain the far greater returns for the taxpayers of America which will be made possible under this legislation.

The functions of the new Assistant Postmaster General will be administra-

tive in nature. However, whereas the functions of the present assistants are confined to the respective operating bureaus they head, the administrative responsibility and authority of this new assistant will extend horizontally across bureau lines. In this way, the Postmaster General will be able to vest in this assistant for administration the necessary authority and responsibility for personnel management on a department-wide basis. Appropriate consideration will be given, of course, in the performance of this broad responsibility, to the special needs and problems of the individual bureaus. At the same time, however, there will be assurance that each bureau and its personnel are receiving reasonably fair and uniform treatment and as a result are completely integrated into the overall departmental plans to utilize manpower with maximum efficiency.

We are convinced that a modern and vigorous program of personnel management under able, experienced, and authoritative leadership is of greater importance in the postal service than in any other single Government activity because personal service is the predominant service rendered by the Department. In the judgment of my committee this, as pointed out previously, is one of the most important single steps which the Congress could take to reduce the postal deficit which reportedly will exceed \$700 million this year. This administrative position in the Post Office Department is one of the most responsible personnel jobs in the country. Except for the Department of Defense, there is no other employer of so many people. Several other departments, having not nearly so many employees nor as complicated personnel problems as those facing the Post Office Department, have established the personnel responsibility at the level of Assistant Secretary.

I wish to point out further that the Post Office Department presents a picture more similar to a private business enterprise than is the case with any other department of the Federal Government. In any successful private business—unlike the Post Office Department—personnel responsibility invariably is vested in a vice president who has authority comparable to that of the highest ranking operating officials. Yet the Post Office Department, which is so like a private business enterprise, lacks any provision whatever for such an essential of sound management.

The Postmaster General and his top management team already have drawn up plans for the establishment of a Division of Personnel under the new Assistant Postmaster General to be authorized by this legislation. The establishment of such a Personnel Division was recommended by our committee in House Report No. 366.

Under these plans, the various individual personnel units now existing in each Bureau will be consolidated into the Division of Personnel. This consolidation of bureau personnel activities in itself is expected to save \$100,000 annually. Much greater savings, of course, will be accomplished in the field service

as a result of a more effective personnel-management program.

The leading organizations of postal employees, representing the great majority of such employees—who have the very deepest interest in the improvement of the postal service and the restoration of the prestige the service once enjoyed in the public esteem—have strongly endorsed this legislation. They wrote me as follows:

JUNE 10, 1953.

Congressman EDWARD H. REES,
Chairman, House Post Office and Civil
Service Committee, House Office
Building, Washington, D. C.

MY DEAR CONGRESSMAN REES: Today at the June meeting of the Government Employees' Council (A. F. of L.) a motion was made by Brother William C. Doherty, chairman, legislative committee (Government Employees' Council, A. F. of L.) that the Government Employees' Council endorse and support the intent of the legislation as outlined in H. R. 5302. This motion was supported by Brother E. C. Hallbeck, vice chairman, legislative committee (Government Employees' Council, A. F. of L.), and others, and unanimously approved.

In keeping with this resolution, I assure you that I will be very happy to cooperate with you and the members of your committee, to the end that H. R. 5302 be enacted into law during this session of the Congress.

With kindest personal regards, and very good wish, I am,

Most sincerely,

THOMAS G. WALTERS,
Operations Director, Government
Employees' Council, A. F. of L.

I have been assured of the utmost cooperation from these organizations and the employees they represent in support of H. R. 5302 and the objectives to be accomplished thereunder.

Deterioration of employee morale and service in this great governmental department have gone hand in hand with a mounting deficit. It is our firm conviction that there is a direct relationship between the size of this deficit and the need for a modern and enlightened policy of personnel management administered at the top level in the Post Office Department.

H. R. 5302 is regarded as one of the most important single pieces of legislation dealing with postal matters which will be considered by Congress in this session. It is certainly a keystone in the program of the Postmaster General to achieve more efficient and economical postal operations, and to improve service to the public while at the same time accomplishing major reductions in the deficit.

If the Congress desires to do more than just talk about the postal deficit, if the Congress desires to make a first forward step in providing the tools with which greater efficiency can be brought about in the postal service, this is that step, and H. R. 5302 should be approved.

Mr. Chairman, it is my considered opinion that this legislation ought to be approved. It has the recommendation incidentally, of the task force of the Hoover Commission, and it has also been recommended by the Committee on Civil Service and Post Office where an exhaustive study was made of this problem some time ago.

I trust the membership of the committee will see fit to support this proposed legislation.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. Dowdy].

Mr. DOWDY. Mr. Chairman, I probably should not take your time talking here, but I was 1 of 3 who voted against the creation of a new Assistant Postmaster General, and I might state some of the reasons for it. Some of you might want to consider them.

I have felt that the cost of our Government is too great. I think if we keep on creating new high offices and paying additional high salaries that we are increasing the cost of Government. I want to decrease the cost of Government instead of continuing forever and ever deficit financing to run the Government.

This is a small matter. It will cost us an additional amount of \$53,000 every year. That is what they say. I do not know whether they include the cost of a Cadillac and a chauffeur for the new Secretary in that extra cost or not. I think we have enough bureaus in our Government already.

Mr. WICKERSHAM. Mr. Chairman, will the gentleman yield?

Mr. DOWDY. I yield to the gentleman from Oklahoma.

Mr. WICKERSHAM. Does the gentleman know if this is in line with the President's policy of reducing expenditures?

Mr. DOWDY. No, sir; I do not. It is an increase in expenditures. I do not know how you could reconcile that at all.

In any event, the greatest talk that we hear now is that bureaucracy is taking our country, and we need to redeem ourselves from what it is doing. So many new under secretaries and assistant secretaries have been created since this Congress has been in session that I could not keep track of them. So I looked it up.

The first was a new Assistant Secretary of State. Then we have the Department of Public Welfare, Health, and Education, I think they call it. There were three new ones created there.

In the Department of Agriculture there are three new assistant Secretaries created.

In the Justice Department there is a new Assistant Secretary created.

In the Defense Department there are six new Assistant Secretaries created.

The statement was made the other day about the marriage of the Department of the Navy and the Department of the Army resulting in three; but that marriage has now produced sextuplets. That is more than human beings I think so far have produced. In all, this Congress has created 14 new Assistant Secretaries—this will be the 15th.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. DOWDY. I yield to the gentleman from Ohio.

Mr. BENDER. Is the gentleman aware of the fact that in the Defense Department alone, as a result of the creation of these new Secretaries, over 60,000 people have been fired, which is

pretty much the case in all the other departments of Government?

Mr. DOWDY. According to the reports I have, in March the number of people employed by the United States Government decreased by 20,000. Yet the salaries that month increased \$60 million, although 20,000 people were fired.

Mr. BENDER. Will the gentleman yield further?

Mr. DOWDY. I yield.

Mr. BENDER. Is it not a fact that for all departments we have appropriated for thus far we have decreased appropriations by anywhere from 7 to 15 percent in each department?

Mr. DOWDY. I did not think it was that much.

Mr. BENDER. Decreased.

Mr. DOWDY. In fact, I thought the only one that went through had a decrease of one-seventh of 1 percent.

Mr. BENDER. I am sure the gentleman must not have been present when the bills were under consideration.

Mr. DOWDY. I think if you will take the RECORD you will find that I voted on every one; and, as I recall, the only appropriation that has been completed and gone to the White House was for the Treasury and Post Office Department. The difference between the 1953 appropriation and the 1954 appropriation was one-seventh of 1 percent.

Mr. BENDER. I am reliably informed that the cuts in personnel, the amount of money appropriated for personnel for the coming year is reduced by 25 percent.

Mr. DOWDY. Has any other appropriation bill been completed except Treasury-Post Office?

Mr. BENDER. For the gentleman's information I am talking about the bills as they passed the House.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MURRAY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BENDER. Mr. Chairman, will the gentleman yield further?

Mr. DOWDY. Do not take up all my time.

Mr. BENDER. I merely want to say to the gentleman that these appropriation bills have been passed by the House.

Mr. DOWDY. I am talking about the ones that are through. I do not know what the final result will be on those that are not yet completed. The supplemental appropriation bills have not come in.

I am in complete accord with the gentleman's desire for economy. That is the reason I am talking as I am.

The statement was made here about the necessity for the new official to be of high level, so he would have authority to speak. Last Saturday there came over the ticker tape out in the lobby this statement which might be of interest:

Secretary of Defense Wilson removed civil-service protection from 52 high-level officials in the Pentagon, including the chauffeur of Assistant Secretary of the Navy Anderson.

One of the high-level officials was the chauffeur for Navy Secretary Anderson. I understand it takes a high official to

speak. I believe it is not necessary to create an assistant secretary for him to have authority to speak. The matter of creating all these new bureaucracies reminds me of a story I heard not long ago about an argument between a surgeon, an engineer, and a bureaucrat as to which of their professions was the first to be known in the history of man. The surgeon maintained it was the surgeons because the first thing recorded in the Bible is about God operating on Adam, removing the rib and creating Eve. The engineer said "No," that engineers came before physicians and surgeons because you will recall that the Bible states that God created the earth out of chaos. The bureaucrat spoke up and said: "We came first, because we created chaos." I am not going to be a party to creating another bureaucracy here to help increase the chaos that we have.

Statements are made in the report that accompanies the bill to the effect that the Post Office deficit, which is around \$700 million a year, is attributable to the fact that they do not have this Assistant Secretary down there; if they had him they would not have the deficit; but I want to tell you that the Post Office Department does not agree with that statement in our report; they do not even think so. They have come here recently asking us to increase postage rates, and soon to take effect will be an increase in postage rates on fourth-class mail.

There are other statements in the report that our personnel problems can be settled through management channels, and yet when they were over here before our committee giving testimony as to the necessity for this new Assistant, Mr. Burk stated that they wanted to turn over to him the duties of the Civil Service Commission. They gave no indication that they would decrease the cost of running civil service for this country. They say there is no single official except the Postmaster General and his Deputy in the postal establishment that can tell us anything about personnel. But if you try to find out something about personnel in any department you would be well advised not to go to the head but to go to some assistant or some secretary who would know what he was talking about.

Our report states that the Postmaster General, his Deputy, the present Assistant Postmasters General, and top operating officials of the Department were interrogated at length and in detail as to exactly how this legislation would be administered. Well, the Postmaster General came over to our committee with 10 of his assistants. I do not remember all of their titles. However, the only man who gave testimony was Mr. Burk, and he indicated some place that they had an outline for this new Assistant to follow. But when I asked him the direct question: "I am trying to get what your plan is. You are asking us to vote for something and we do not know what it is," finally he came out and he said: "I have no plan." They are going to make the plan after they get this Assistant.

local governments. The University of Viet-Nam was jointly established with a French rector installed for a 6-year minimum, and all instruction in the local university must be in French, a move which put the French directly in contact with the training of the intellectual youth of the country. The French control over the economic life of the country is extensive, and the possession of property belonging to the French cannot be changed without permission of the French. The French still control the country's basic resources, transportation, and trade. In Viet-Nam the French control 66 percent of the rice export trade; 100 percent of rubber products for export; practically all export and import businesses; all international shipping and the principal coastal shipping. In the field of foreign commerce, it is estimated that French control is nearly 100 percent.

France shares the veto right under the PAU agreement on matters affecting French Union export and import trade. French Union subjects are given special legal exemptions. They are given the privilege of extraterritoriality, and are tried in courts in which French law prevails. Until peace is restored, the French High Commissioner will continue to exercise powers with respect to the internal security of the associated states. After the restoration of peace, the French will have a liaison mission "charged with guarding the security of the French Union, in cooperation with the police and sûreté of Viet-Nam," according to the agreement of December 30, 1949. When Vietnamese taxes affect French Union subjects, there must be consultation with the representatives of the countries concerned before they are imposed. The degree of French control in Viet-Nam is enhanced, as I have said, by the lack of any popular assembly which represents the will of the people.

Some may feel that this is an injudicious time to discuss this matter—that many in France are tired of the war and would gladly see France pull out and retreat to North Africa. If the French are asked to give up all they have in Indochina, it is said, will there be anything to hold them there?

I do not believe that the French are fighting in Indochina wholly for material things. The war and money alone have already cost them substantially more than their total capital investment. Men like General De Lattre fought for the honor of France; and the French now are fighting because they know that if they retreat, all of Southeast Asia will go to the Communists—that their position in North Africa will become endangered—and that the security of Metropolitan France itself will be threatened. Thus they fight on, and deserve our wholehearted support.

But I believe it vital for the cause for which both of us fight that conditions be established there that will make it possible for the French to win—that will rally the support of native elements to take their share of the struggle. Which, in fact, is more likely to cause the French to withdraw: another season of fruitless and bloody campaigns,

or the prospect of eventual victory, even though it means the loss of some of the French states in that area? I do not believe there can be any question as to which is the proper course to take. I believe that men with responsible positions in France know this and are moving in that direction. I believe it is of the utmost importance at a time when United States is committing itself deeper and deeper into Indochina, that our influence and prestige with the French be used to promote the independence and well-being of the people of the Associated States. If we do so, not only would the prospects of victory be substantially enhanced, but the position of the United States and France and of the whole western alliance in Asia will be materially advanced in Asia.

I thank the Senator from Iowa for his kindness.

Mr. CAPEHART. Mr. President—

Mr. KNOWLAND. Mr. President, as I understand, the Senator from Iowa has the floor. He is willing to yield for a privileged matter, with the understanding that he will not lose his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2103) to amend the National Housing Act and other laws relating to housing.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 1993) to amend the National Housing Act, as amended, and the Servicemen's Readjustment Act of 1944, as amended, with respect to maximum interest rates, the veterans' direct home-loan program, and for other purposes, and it was signed by the Vice President.

TEMPORARY ECONOMIC CONTROLS—CONFERENCE REPORT

Mr. CAPEHART. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read by the Chief Clerk.

(For text of report, see House proceedings in today's CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. CAPEHART. Mr. President, the Senate and House conferees have agreed with respect to Senate bill 1081. It will be remembered that the Senate instructed the Senate conferees to return for a further conference a few days ago, after the Senate had voted down, by a vote of 47 to 42, the so-called Small Business Administration provision, and instructed the Senate conferees to insist upon the House receding in respect to that item, and accept the language of the Senate.

That is exactly what happened, except that the best we could get out of the House conferees was an extension for 31 days of the Small Defense Plants Administration. There is no dispute in respect to title I, which is the title relating to the allocation of strategic materials to the military, V loans, and many other features with which Senators are familiar. There was nothing in dispute in that title.

Title II, of course, was the so-called Small Business Administration provision. The best we could get out of the House conferees was that they receded with respect to the Small Business Administration, but they would not agree to extend the Small Defense Plants Administration for more than 31 days. Had we refused to accept that sort of compromise, it would simply have meant that at midnight tonight we would have no Small Defense Plants Administration, and the military would have had absolutely no control over strategic materials and the many other things needed by the Armed Forces.

I have before me a statement which I shall later ask to have printed in the RECORD as a part of my remarks.

Mr. President, I ask that the conference report be agreed to.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. THYE. The question I should like to ask the distinguished chairman of the Committee on Banking and Currency is this: As I understand, the War Powers Act is being extended—

Mr. CAPEHART. This is not the War Powers Act. It is the Defense Production Act.

Mr. THYE. The Defense Production Act.

Mr. CAPEHART. Certain provisions of the Defense Production Act of 1950, as amended, are extended for 2 years. We have extended for 2 years title I, which was passed by the Senate and agreed to by the first conference.

Mr. THYE. What about the Small Defense Plants Administration?

Mr. CAPEHART. That has been extended for 31 days.

Mr. THYE. May I ask the chairman of the Committee on Banking and Cur-

rency if it is now the intention of his committee to proceed with a study of the legislative bills which are before the committee in order that the Banking and Currency Committee may make a recommendation to the Senate within 31 days as to what the committee is willing to recommend so far as the Small Defense Plants Administration is concerned?

Mr. CAPEHART. The Senate Committee on Banking and Currency has before it at the moment the so-called small-business administration bill, more commonly known as the Hill bill, which was unanimously passed by the House. There is likewise before the committee a bill introduced by the able Senator from Minnesota [Mr. THYE]. We have two bills introduced by the able Senator from Alabama [Mr. SPARKMAN]. We have a bill introduced by the junior Senator from Virginia [Mr. ROBERTSON]. We have a bill introduced by the Senator from Delaware [Mr. FREAR]. We have also a bill introduced by the senior Senator from Virginia [Mr. BYRD] to dissolve the RFC.

The Senate Banking and Currency Committee held 6 or 8 days' hearings on all those bills. It is the intention of the committee to hold further hearings on them. What action the committee as a whole may desire to take upon those bills, I as chairman cannot promise. However, we shall make some effort in the next 31 days to see if it is possible to reach some sort of compromise on this particular subject.

We shall also consider during the next 31 days the question of whether we can agree—meaning both Houses and the committees of both Houses—on a new agency to lend money to small business. If not, we shall have to give further consideration to extending the life of the Small Defense Plants Administration.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LANGER. Mr. President, if we extend the Small Defense Plants Administration for only 31 days, and Congress adjourns by the 31st of July, the law on that subject will have expired.

Mr. CAPEHART. I want to be perfectly frank and honest in saying that if the Congress does not extend the Small Defense Plants Administration beyond 31 days it will die at the end of 31 days; or if there is a failure to enact legislation setting up a new agency to do that which the Small Defense Plants Administration is now doing, we will have no agency for that purpose.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. LANGER. I was interested in the statement which the Senator asked to have printed in the RECORD. I would much prefer to have the distinguished Senator read it. I am not a member of the committee.

Mr. CAPEHART. I am willing to tear up the statement, because everything contained in the statement has been stated by me on the floor. I am willing to tear it up.

Mr. LANGER. I did not ask the Senator to tear up his statement.

Mr. CAPEHART. I have already made the statement, and everything I said was contained in the statement which I am tearing up. The whole matter is very simple. The conferees agreed to extend title I, which refers to V-loans and allocation of strategic materials, and permits the military to enter into contracts for the production of scarce materials, and many other things. That extension was made for 2 years. The Small Business Administration provision was stricken from the conference report, and there was substituted the Senate language on the Small Defense Plants Administration, extending the Small Defense Plants Administration for 31 days.

Mr. LANGER. What will happen after 31 days, in case Congress is not in session?

Mr. CAPEHART. Congress will be here for the next 31 days, and we will try during that period to work out some sort of satisfactory solution. I hope we will be able to do so. I am not saying that we cannot do so; but, if we cannot do so, before the 31 days have expired Congress will have to decide whether it wants to extend the SDPA for 8 months or 12 months.

Let me say to the able Senator from North Dakota, that we tried to get the House to agree to extend the SDPA for a year, but they turned us down. We tried to get an extension for 9 months, and they rejected that. Then we tried an extension of 8 months, and they still refused. The best we could secure from them was an extension for 31 days. Their position has always been—and I must say in all fairness to them that there is a great deal of merit to it—that the House on two occasions, first in the form of a complete bill and the second time as an amendment to the Defense Production Act, unanimously passed a measure providing for a so-called Small Business Administration, and that is what they wanted.

Therefore, I say this is the best we could get. I hope the Senate will accept it. The conference report was signed by all conferees except by the Senator from Alabama [Mr. SPARKMAN]. I believe the able Senator from South Carolina [Mr. MAYBANK], while he signed the conference committee report, wishes to make a statement, setting forth his position. I can well understand his position. However, I hope the Senate will accept the conference report. The House has already accepted it by unanimous vote. I am hopeful that the Senate will do likewise.

Mr. MAYBANK. Mr. President, I wish to confirm what the distinguished chairman of the committee has said. On a number of occasions during the past several days the Senate conferees made an effort to determine what should be done about the small-business agency. We got nowhere. Six days ago we got nowhere and this morning at 10 o'clock we got nowhere. At 2 o'clock this afternoon the House conferees still refused to give in on title II and accept the Senate provision for the extension of the Small Defense Plants Administration.

Knowing that there is a deadline of 12 o'clock tonight on title I, which deals with allocations and priorities for the military and Atomic Energy Commission, and other agencies of Government connected with the national defense, and knowing that legislation had to be passed extending that title and signed by the President before midnight to avoid having the law expire, the Senator from Virginia [Mr. ROBERTSON] and I reluctantly signed the report. It was the Senator from Virginia who made the first motion to extend the Small Defense Plants Administration for 8 months, so that time could be afforded properly to study the many bills on the subject which are now before the Committee on Banking and Currency.

I do not know whether the chairman of the committee will agree, but I wish to be perfectly frank in saying that it will be impossible for the Committee on Banking and Currency in 31 days to hear the testimony of all the witnesses who could be called on the 8 or 9 bills before the Committee on Banking and Currency. The committee has before it now several important bills on which the chairman of the committee has already announced dates for hearings during the month of July. There are also other bills before the committee, such as the rubber bill, which will require committee action. Therefore, it is my judgment that at the end of 31 days we will probably have to extend the Small Defense Plants Administration.

Of course, I do not know what the committee will do. I am speaking for myself and the Senator from Virginia who, as I have said, made the first motion to extend the Small Defense Plants Administration. I do know that we would not vote to create a new organization without first having hearings on it in the Committee on Banking and Currency. We would not vote to create a new organization in charge of a man who would receive \$17,500 a year and 2 or 3 others who would receive \$15,000 a year, and operated by a board composed of the Secretary of the Treasury, the Secretary of Commerce, and the Administrator, the latter occupying a back seat. I do not say that any Senate conferee suggested such a setup because the Senate conferees stood strong for the extension of title I for 2 years, and for title II to be replaced by an extension of the SDPA. The present organization has in it people who are trained. If we set up a new corporation, it will take 6 months for its officers and personnel to become trained. Senators know that to be a fact.

So I signed the conference report reluctantly, and so did the Senator from Virginia. He asked me to make the statement for him because I am the ranking minority member on the committee.

I hope in the next 31 days we can write a bill, but I believe, as I think the chairman does, that we cannot do it. I do not see how it can be done.

I will not oppose the conference report, because at least during the next 31 days we can try to do something about small-business plants. Certainly the people of this country know what the Committee

on Banking and Currency over a period of years has done, as they know also what the House has done for small business. They know that the Small War Plants Administration was first set up by us in 1942. I want the RECORD to show that I signed the report reluctantly. I do not think that in 31 days we can write a permanent law to take care of the situation.

Mr. SPARKMAN. Mr. President, as one of the conferees who did not sign the conference report, I desire to take a few minutes to explain why I did not sign it. I may say that not one of the Democratic managers on the part of the House signed the conference report. I realize the truth of the statements that have been made both by the able chairman of the committee and by the Senator from South Carolina [Mr. MAYBANK], the ranking minority member.

Mr. MAYBANK. Mr. President, I merely wish to say that no manager on the part of the House made any move whatever to resubmit the bill to the House. Not one word was said, even though time after time we asked that the bill be carried back to the House. Oh, no, they would not do that.

Mr. SPARKMAN. That is correct. I certainly agree with what the distinguished Senator from South Carolina has stated. The House conferees were absolutely adamant, and they declined, time after time, as the able Senator from South Carolina has stated, to do as we requested, namely, to go back to the House and ask for instructions from the House. We pointed out the fact that the matter had been before the Senate and that the Senate had had a yea-and-nay vote on it and had turned it down and had instructed its conferees to insist on the continuation of the Small Defense Plants Administration.

It is true that title I is necessary. I believe that every member of the conference—Democrats and Republicans alike—agreed that it was essential that title I be continued.

We were faced with the dilemma of continuing title I and taking this bobtailed provision for small business, or else not getting anything at all on the subject.

I said to the conferees that I believed the effect of this 31-day extension of the Small Defense Plants Administration would be to sound the death knell of that organization or any other organization for the benefit of small business, during this session of Congress. I believe that to be the case.

The chairman of our committee has promised—and I know he will carry out his promise—that he will do his best to obtain consideration during the month of July of proposed legislation for this purpose.

However, the chairman of the committee very frankly told the conferees that our committee already has a heavy load. We are now in about the middle, I suppose, of the hearings on the bill relating to disposal of 27 synthetic-rubber plants which are owned by the Government of the United States. That task is not a small one. Following that, the chairman has already announced that it

will be his purpose to continue and to conclude the hearings on bank-holding companies. This is not an easy task. We have worked on it many times in the past, and it cannot be settled in a few days.

We have before our committee a number of bills dealing with small business. I am not sure I shall be able to name all of them, but I shall list the following: The junior Senator from Virginia [Mr. ROBERTSON] has two different bills before the committee. The senior Senator from Virginia [Mr. BYRD], in association with his colleague, the junior Senator from Virginia [Mr. ROBERTSON], I believe, also has before the committee a bill relating to dissolution of the RFC.

The Senator from Delaware [Mr. FREAR] has before the committee a bill.

The Senator from Illinois [Mr. DOUGLAS], in conjunction with the Senator from Vermont [Mr. FLANDERS] has before the committee a bill.

I have two bills relating to small business.

In addition, the able senior Senator from Minnesota [Mr. THYE], the chairman of the Select Committee on Small Business, has a bill before the committee. I think the so-called Thye bill is properly referred to as the administration bill.

We hear a great deal about the Hill bill. That bill was introduced in the House of Representatives, and was passed by the House, and now is before the Senate Committee on Banking and Currency. Originally the Hill bill was also the administration bill, and the Hill bill and the Thye bill were identical. But some changes occurred in the course of the passage of that measure by the House, so that when the bill finally came out of the House, it was not the same as the administration bill which was presented to the two Houses of Congress. Our committee believes there are some features of the bill which should be carefully scrutinized.

Furthermore, I believe it was shown last week, when the conference report was before the Senate for a vote, that before a permanent small-business organization is established, a number of Senators wish to know what disposition, one way or another, is to be made of the RFC. I think Senators wish to know whether the present proposal will really do a proper job. For instance, When Mr. Cravens testified before our committee, with Mr. Humphrey sitting with him, I asked that each function of the RFC be named.

Mr. Cravens and Mr. Humphrey between them named the various functions of the RFC. In each instance I asked, "What will be done with this function? What do you propose to do with it? Are you going to do away with it, or transfer it to some other agency; and if so, to what agency?"

Mr. President, do you know that of every function the RFC carries on today, only one was proposed to be discontinued? That is the one dealing with so-called triple A loans, sometimes referred to as business loans. Every other function of the RFC is proposed to be transferred to some other agency, although it is not yet certain to which

agencies the functions should be transferred.

In the committee we have been working on some proposals which in the past the Federal Reserve Board has made to us with reference to an insurance plan on loans to small business, and also we have been working on another matter which originally was proposed by the Federal Reserve Board. The latter relates to the setting up of some kind of capital banks for the purpose of making loans to small business. Various other proposals have been laid before our committee.

We have not had an opportunity to consider those various measures; in fact, we have not even had an opportunity to conclude the hearings on them. I am certain we shall not have such an opportunity during the coming 31 days.

Mr. President, reference has been made to the fact that the conference report was adopted by the House on two different occasions. It is true that it was adopted by the House of Representatives. I read the debates which occurred on both occasions. Under what I started to describe as a peculiar parliamentary situation—although I do not know that it is peculiar; it is one which pertains to the House of Representatives—no opportunity was given to write a really effective amendment into the proposal or to offer a motion to recommit with specific instructions, at the conclusion of the debate in the Committee of the Whole. The House of Representatives has never actually voted its preference as between the Small Business Administration and the Small Defense Plants Administration, or with reference to any particular amendment which might improve the conference report.

Mr. MAYBANK. Mr. President, will the Senator from Alabama yield to me?

The PRESIDING OFFICER (Mr. GRISWOLD in the chair). Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. SPARKMAN. I yield.

Mr. MAYBANK. As I understood, the House did not even have a yea-and-nay vote.

Mr. SPARKMAN. I do not believe there was a yea-and-nay vote in the House on this measure. Of course, as my colleague knows, the only way a yea-and-nay vote can be obtained there, is in the House, rather than in the Committee of the Whole.

Mr. MAYBANK. That is correct.

Mr. SPARKMAN. In the House, proposed legislation is perfected in the Committee of the Whole.

Mr. MAYBANK. Because of the parliamentary situation, a yea-and-nay vote on the question of recommitment could not be had in the House.

Mr. SPARKMAN. That is correct—that is to say, in the case of a yea-and-nay vote on the question of recommitting with instructions. There could have been a simple motion to recommit, but who wanted to have such a motion put?

Mr. MAYBANK. It would not have been of any value to the Congress.

Mr. SPARKMAN. That is true.

Therefore, Mr. President, I call attention to the fact that there has never been a real effort to permit the Members of the House of Representatives to express themselves on this subject.

In my opinion, at the end of 31 days we may expect to see come to an end the only organization existing in the Government for the sole purpose of helping small businesses. Let us never forget that industry in the United States is made up primarily of small businesses. The other day I saw some figures which amazed me. I do not know about the figures for the situation as of the present moment; but the figures I saw showed that a few years ago, 99 percent of the businesses in the United States employed less than 100 persons each. Certainly we are safe in saying that today 95 percent of all businesses in the United States fall within the category of small business.

Someone has aptly described a small business as one that is not able to maintain in Washington a representative to look after its interests. Small businesses need to have in Washington someone or some group who will look after their interests. That is why the Small Defense Plants Administration was created. It was designed so as to make it possible for small businesses to have in Washington someone or some group or organization to whom they could go, so that small businesses would know that at all times they had in Washington an advocate who would represent them before the various governmental departments, and there would plead their case, and would have access to the White House, without having to go through some departmental head.

One objection to the portion of the conference report dealing with the Small Business Administration, as that measure has been adopted by the House of Representatives, is that it would take away the independent status the Small Defense Plants Administration now enjoys, and as provided for in the original Hill bill and in the Thye bill. Both of those bills, as well as the administration bill, proposed that it should continue to have that independent status; but as the measure cleared the House and as we were asked to accept it in the Senate, independent status was taken away from the organization, and the small businesses no longer would have an agency that could report to and clear directly with the White House.

Mr. President, I know a great many persons think of the small-business agency, the SDPA, as it is now, or the SBA, as it was proposed to be organized, as being merely for the purpose of making loans to small business. As a matter of fact, the SDPA does not make loans to small business now. It was proposed that the SDPA take over the function of the RFC in making loans to small business; though that would be only a small part of the work it would actually perform.

Mr. President, today we may not feel the strain so heavily, because only about two of the metals are being allocated, but it was not long ago that many metals were being allocated. A year ago

or perhaps a little more than a year ago, small businesses were crying for aluminum, for steel, for copper, for nickel, and for many other metals they needed only in small quantities, but were unable to obtain except through the intervention of their organization in Washington, D. C., in building their case and in seeing to it that they got a proper and adequate allocation.

We need a small-business organization, a small-business agency, to represent small businesses; and we need one that is independent and that can go directly to the White House, if need be, in order to plead the case of the small-business men.

Mr. President, it was only because I believed sincerely that in the action which was being taken in the conference report we were sounding the death knell of the small-business agency as an independent agency that I felt impelled to decline to sign the report. I am not against the establishment of a new agency, if that is what the administration wants. I am not opposed to a Small Business Administration, if that is what the administration wants. The Thye bill is a good bill. The Hill bill as it was introduced originally in the House was a good bill. I think there were certain limitations which should have been changed. For instance, I do not know whether the limitation prevails in the Thye bill, but in the Hill bill as it came from the House, an individual loan is limited to \$100,000. Frankly, I do not know what ought to be the limit, but I am certain that \$100,000 is not a sufficient ceiling. I know the feeling has been that the Administrator should be able to make loans up to \$100,000, and perhaps, in conjunction with some kind of advisory committee should be able to pass on loans above that figure, up to a certain amount.

As I said a few moments ago, the Hill bill as it passed the House sets up what is called an advisory committee. It is not really an advisory committee; it is a governing committee, with the Secretary of the Treasury as chairman, the Secretary of Commerce as the second member, and the Administrator, who theoretically ought to administer the law, the third member. Certainly that would destroy its independent status and the small-business agency, under a setup of that kind, would become subordinate to the two Cabinet positions.

Mr. President, I believe that, if given time, we could provide adequate legislation along the line of the bill introduced by the able Senator from Minnesota, and could perhaps supplement it with certain other proposals that have been made. But they are measures that ought not to be acted upon without careful consideration and without adequate hearings. I am certain that within a period of 31 days we cannot legislate adequately on this subject. That is why I say I believe we are sounding the death-knell of the Small Business Administration, operating independently for the benefit of small business. It is for that reason that I declined to sign the conference report.

Mr. LEHMAN. Mr. President, I have listened to the discussion of the confer-

ence report, and I am deeply concerned about the present status of small business legislation. I am convinced that if the Senate agrees to this report, which gives a month's leeway to the Small Defense Plants Administration, nothing to aid small business will come out of the Banking and Currency Committee, of which I am a member and of which the distinguished Senator from Indiana [Mr. CAPEHART] is chairman, or out of the Congress of the United States. If the report is agreed to, I think the legislation with regard to SDPA is dead.

Mr. President, I am convinced, after the long hearings held by the Banking and Currency Committee, that the setup which we have been following and under which we have been operating for the past 2 years has been successful. Witness after witness has testified before the committee, as my colleague from Alabama [Mr. SPARKMAN] will agree, that the Small Defense Plants Administration has been of tremendous help to small business. There is no question that, from an industrial standpoint, the backbone of this country is small business. I yield to no one in my regard for the achievements of business, but it is the small business, like the small farm, which is really the backbone of the economy of America. As the Senator from Alabama has stated, more than 95 percent of all the businesses of the United States have less than 100 employees.

Mr. President, small business needs our protection. Big business does not need the protection of the Congress to any great extent. Big business is represented in every department of the Government, and in most departments by the heads of Government. Small business has no spokesman whatsoever, except in the SDPA which has been operating so successfully in the past 2 years. Quite aside from loans, there have been a great number of instances particularly in the matter of allocations and the matter of fair treatment of the SDPA being of help to small business.

We have been discussing the question of disposing of the synthetic rubber plants. Personally, Mr. President, I doubt very much the wisdom of disposing of them, but if they are to be disposed of, certainly small business will need a spokesman. Small business will need more than at any other time some organization, some spokesman, to defend its rights and its claims to a fair portion of the synthetic rubber which will probably be disposed of or which may be disposed of to only a small number of large concerns.

That is only one instance of what I think typifies the need of having someone to speak for small business which today has no one in important governmental positions to speak for it, to protect it, to defend it, and to insist that its rights be recognized.

I know title I is important and necessary, but I believe there is much more chance in the coming week of getting action on title I if we do not accept the conference report, than there is of getting action on the SDPA, if we do accept it. There is no chance of getting action on SDPA when the situation with re-

gard to title I as to allocations and otherwise, is taken care of.

I am convinced, and I feel very strongly about it, that if we now accept the conference report, which was adopted by the conferees without giving the Senate or the committee any chance to consider its effect on small business, in spite of the fact that the Senate Committee on Banking and Currency held hearings last year for 5 or 6 weeks on a small business bill which was reported to the Senate and passed, although greatly emasculated, we might just as well acknowledge that we are turning our backs on small business and that we are saying to the world that small business is of no importance.

So far as I am concerned, Mr. President, I am not willing to do that, because I believe small business is of the utmost importance to the economy, to the welfare, and to the progress of the United States. Therefore, Mr. President, I shall not vote to agree to the conference report.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The question is on agreeing to the conference report. [Putting the question.] The "ayes" seem to have it; the "ayes" have it, and the report is agreed to.

Mr. LEHMAN. Mr. President, I ask for a division.

The PRESIDING OFFICER. The Chair had already announced the result of the vote before the Senator requested a division.

CORRECTION OF STORY BY ASSOCIATED PRESS

Mr. MORSE. Mr. President, the Senator from Iowa has very kindly consented, if there is no objection, that I may take 2 or 3 minutes to correct an uncalled-for false story issued by the Associated Press in regard to the Senator from Oregon.

The PRESIDING OFFICER. Without objection, the Chair recognizes the Senator from Oregon.

Mr. MORSE. Mr. President, on June 15, the Associated Press sent out the following story:

WASHINGTON, June 15.—Oregon's Senators voted opposite ways on an amendment to the Treasury-Post Office appropriations bill last week.

Senator CORDON voted against the proposed \$33.4 million cut in funds for postal operations. Senator MORSE voted for it. The amendment, introduced by Senator DOUGLAS, Democrat, of Illinois, was defeated, 44 to 31.

This is a typical lying Associated Press story. Again today I say to the people of Oregon, "When you read a story in any newspaper in Oregon with the initials 'AP' at the head of it, the chances are it is false, or at least it is distorted." It happens that the Senator from Illinois [Mr. DOUGLAS] submitted his amendment on June 10, calling for a cut of \$33,450,000. On June 11 it was voted upon.

The Associated Press, if it were ever interested in the facts, could find the official vote of the Senate on page 6596 of the CONGRESSIONAL RECORD. The vote shows that both Senators from Oregon voted against the Douglas amendment and thereby against the cut.

Mr. President, to show the effect in my State, of the dirty journalistic work of the Associated Press that has been going on for months against the Senator from Oregon, I have in my hand, and I ask unanimous consent to have printed in the RECORD at this point in my remarks, a letter of June 29, 1953, from the legislative chairman of the National Federation of Post Office Clerks, John W. Almeter, who interviewed me on June 13.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LOCAL NO. 128, NATIONAL
FEDERATION OF POST OFFICE CLERKS,
Portland, Ore., June 29, 1953.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SIR: This letter is to thank you for the time that was given us by you to present our views on postal legislation. We realize that you are a busy man and are therefore very appreciative of the time that was given by you to hear our problems on postal legislation.

After having talked with you on June 13, 1953, I was quite surprised to read in the Journal of the 15th that you had voted for a cut in postal appropriations. Especially since you told us how you had spoken against the proposed cut. Knowing your outstanding record as far as the workingman is concerned and the fact that you are a man of integrity I at once called the AP office in Portland and questioned their story. After checking they called me and admitted they had made a mistake and that a retraction would be forthcoming. Although I may have missed it I watched the papers closely for the next few days and all I could find was this article of June 16 which I am also enclosing. I wish you to know Senator that the employees in our post office have been informed of the error.

The article of June 15 appeared on the front page of the Journal while the article of June 16 appeared on page 17.

Thanks again, Senator, for the interview; and we hope that the next time you are in town we shall be fortunate enough to be able to see you again.

Very truly yours,

JOHN W. ALMETER,
Legislative Chairman.

Mr. MORSE. Mr. President, on June 13, I had notified Mr. Almeter of my position on the proposed cut in the post office bill, stating that I was against it. In his letter to me, he said:

After having talked with you on June 13, 1953, I was quite surprised to read in the Journal of the 15th that you had voted for a cut in postal appropriations. Especially since you told us how you had spoken against the proposed cut. Knowing your outstanding record as far as the workingman is concerned and the fact that you are a man of integrity I at once called the AP office in Portland and questioned their story. After checking they called me and admitted they had made a mistake and that a retraction would be forthcoming.

But, Mr. President, no retraction has been forthcoming. The Washington bureau of the Journal got it straight, but not the Associated Press. The Washington bureau of the Journal, on June 16, published a story reading as follows:

Members of the Oregon congressional delegation last week cast the following votes of record:

SENATE

Treasury-Post Office appropriations bill, Douglas amendment to reduce by \$33.45 million funds for postal operations: Senators GUY CORDON and WAYNE MORSE, against. (Rejected, 31-44.)

HOUSE

There were no votes in the House.

Mr. Almeter apparently assumed that the Washington bureau's story of June 16, was an AP story, but it was not. The fact remains that the AP printed a falsehood and failed to retract it.

I close by saying that this is but the most recent of a long list of false reporting which I have against the Associated Press. I repeat today what I have said on the floor of the Senate before: So far as a news service is concerned, the Associated Press is a propaganda service serving the publishers who own it, following a reactionary line of those publishers. For the most part the key officials of the Associated Press are the reactionary publishers of America, out to smear the liberals who will not take the orders of newspapermen. These reactionary publishers think they can call up a United States Senator, as some in my State have in the past tried to do with me, and tell him how to vote in the Senate of the United States. The Associated Press can continue to lie about the Senator from Oregon, and I shall continue to tell the people of Oregon, "If you read it with the initials 'AP,' do not believe it."

AMENDMENT OF NATIONAL HOUSING ACT AND OTHER LAWS RELATING TO HOUSING—CONFERENCE REPORT

Mr. CAPEHART. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2103) to amend the National Housing Act and other laws relating to housing. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read by the Chief Clerk.

(For text of report, see House proceedings of today's CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the immediate consideration of the report? The Chair hears none.

There being no objection, the Senate proceeded to consider the report.

Mr. CAPEHART. Mr. President, I think I can say without fear of successful contradiction that there was no serious controversy with reference to this report. The Senate conferees receded on a few provisions, and the House conferees receded on others. I believe the Senate conferees and the members of the committee will agree with me that this is a very fine piece of housing legislation. It will do much to insure better housing in America. I urge that the Senate agree to the conference report, and I ask unanimous consent to have printed in the body of the RECORD a statement on the conference report on S.

2103 prepared by me for the managers on the part of the Senate.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART FOR THE MANAGERS ON THE PART OF THE SENATE ON THE CONFERENCE REPORT ON S. 2103

I am very happy to report on a most successful and constructive conference on the Housing Amendments of 1953, S. 2103. While the subject matter of both the Senate and the House bill were extensive, substantial and highly complicated in nature, and while the differences between the House and Senate bills were fairly numerous, it is my judgment, and I am sure every Senate conferee will agree with me, that the bill as agreed to in conference is a better bill than either the House bill or the Senate bill as it passed each House. In other words the best features of the Senate bill and the House bill are included in the bill agreed upon in conference.

It is my considered judgment, that the bill which we agreed to, and which I urge favorable action upon, will result in much better housing for the people of our Nation. It should encourage the construction of lower priced sale housing and a greater volume of lower and moderate rental housing, where the need is so great. It should offer sufficient inducement for the builders of America to build a much greater amount of sale, rental, and cooperative housing for the minority groups in our country, the need for which I cannot emphasize too strongly.

The bill should have the effect of loosening the tight market situation with which the home building industry has been plagued during these last few months, particularly, and over the last year generally. It should facilitate the flow of investment funds into the home building industry and serve to maintain a reasonably high level of construction throughout the next year. It should dissipate the fears of all those who are omnisciently pointing to an impending depression or recession. It should maintain and increase construction employment, the manufacture and sale of building materials, plumbing and hardware supplies, and induce an expansion in household furnishings and equipment, and provide more traffic for our trucking and railroad industries. In a word, it should maintain and improve the health of a very important sector of our economy.

The House adopted the identical Senate amendment giving the President authority to lower downpayments and extend maturities on FHA insured loans not exceeding \$12,000 in amount, and it was thus not in conference; but because of the interest expressed by so many Senators with respect to this amendment I want to assure you that it is in the conference bill. It would permit the President to lower the downpayment to 5 percent of the value of the house and increase the maturity of the mortgage to 30 years after he took into account the conditions in the building industry and the state of the economy.

The House receded to the Senate amendment providing higher mortgage ceilings for the individual lower priced sale housing under title I, section 8. This type of housing, which under the amendment can be sold for \$6,000 with a \$300 downpayment, is intended for the more outlying and rural areas in our Nation, not the larger metropolitan areas. It is our intent that this type of housing, which will not have to be built in conformity with regular FHA property requirements applicable under other sections of the bill—for instance, requirements as to sidewalks, sewers, landscaping, neighborhood, where such requirements will not be detrimental to their long-term value or the

general standards of the community—will encourage the construction of sale housing for those people whose income is in the neighborhood of \$3,000 to \$3,500, many of whom are now required to live in unsafe, rundown, and generally inadequate housing. It is my hope that this provision will provide an opportunity for some minority groups in the distant and more rural areas of our Nation to become home and property owners, even if, as a start, the house be a modest one.

The House also receded to the Senate and accepted the amendment in the Senate bill increasing the mortgage amounts for the section 207, rental-type FHA insured housing.

At the present time the law permits a maximum of mortgage of \$8,100 with a ratio of loan to value of 90 percent on the first \$7,000 and 60 percent on the value over \$7,000 up to \$10,000. A maximum mortgage amount of \$7,200 is allowed if the number of rooms is less than 4 per unit. These ratios and mortgage amounts are unrealistic in terms of present costs and the result has been very little construction of rental housing under this section. The amendment which the House accepted would increase the maximum mortgage amount to \$2,000 per room up to \$10,000, but not exceeding 80 percent of value. In order to encourage larger-sized units, however, the maximum mortgage is limited to \$7,200, unless the number of rooms in the project equals or exceeds four per family unit.

Most important, we have provided 90-percent loans on units valued up to \$8,000 for a maximum mortgage of \$7,200, provided the number of bedrooms are equal to, or exceeds 2. This compares with a 90-percent loan on the \$7,000 value in the present bill, or a maximum mortgage amount of \$6,300. In my opinion, this provision should encourage the construction of low priced and moderate rental housing, where the need is most pressing. It also should encourage the construction of rental housing for those in the minority groups.

In a further attempt to encourage the construction of rental-type housing the Senate receded to the House amendment changing the term of the mortgage debenture under section 207 loans to 10 years from 20 years, as presently provided, rather than 15 years as in the Senate bill. This should make section 207 mortgages that much more attractive to investors and thus facilitate the construction of rental-type housing for the moderate-income groups.

As a means of loosening the present tight mortgage situation the bill provides what I believe is an effective 1-for-1 sale and purchase program. The Senate conferees in receding to the House and accepting their \$500 million limitation on the program do not believe that it will limit in any way or handicap the program. The amount is sufficient to do the job at this time.

The House receded to the Senate and accepted the Senate amendment which authorizes a transfer of any of the FNMA authorization which was provided for prior commitments for housing in defense, military, and disaster areas and which will not be needed for the purchase of mortgages under these programs and makes it available for its regular purchase program. It is estimated that this amendment will make \$200 million available at the present time and with the \$180 million already available for over-the-counter purchases FNMA will have almost \$400 million to purchase VA and FHA loans.

The Senate receded to the House and accepted their amendment to section 504 of the Servicemen's Readjustment Act, as amended, which would have the effect of permitting the sale of VA mortgages by the originating mortgagee at a discount. The May 18 regulation of the VA would have prohibited such sales. The effect of the

regulation, and I imply no criticism of the VA for issuing it, would have been greatly to lessen the amount of housing for our veterans and to increase unemployment among the construction workers. It had the practical effect of cutting off GI financing in many areas of our Nation, so it was testified.

In receding to the House your conferees were very concerned lest any discounts, fees, or other charges permitted under this amendment be passed on to the veteran or purchaser. I am satisfied that the language of the amendment does not permit any discounts, warehousing fees, or other similar financing charges to be passed on to the purchaser. In order for the Veterans' Administration and the Congress to observe if any abuses take place under this provision and in order for them to see if any builders are attempting to pass any discounts, fees, or other similar financing charges back to the veteran, it is our intent that the Veterans' Administration issue regulations requiring the originating lender of any home mortgage loan guaranteed by him under title 3 of the Servicemen's Readjustment Act, as amended, to report the amount of any discount, warehousing charge, similar financing charge, or other fee assessed against the builder or originating mortgagee.

While the immediate problem arose in connection with VA loans, and therefore my statement for the Senate members of the committee of conference is phrased in relation to the action by the Veterans' Administration, the language of section 504 applies equally to the FHA, and it is, of course, our expectation that the FHA will take similar action to carry out the expressed wishes of the Congress.

The House receded with an amendment to the Senate provision extending the defense housing and community facilities aid program for another year. Under it FHA title IX programing and aid in the form of loans and grants would be authorized for another year. Temporary housing, rather than permanent housing, as the present law provides, would be authorized for another year.

The House receded to the Senate and accepted the Senate amendment authorizing a breakthrough on the 10-percent limitation on the amount of capital grants available to any 1 State under the urban-redevelopment and slum-clearance program. It would make \$35 million available to any State out of the \$500 million presently available, provided such State had already entered contracts for two-thirds of the amount presently permitted to that State. The senior Senator from New York, Mr. Ives, was very concerned about this amendment, and from the testimony before our committee, I am satisfied that it will be very beneficial to redevelopment programs in New York. It will benefit the thousands and thousands of students from all over the United States that attend New York University and Pratt Institute, where we were informed a major portion of their funds will be expended so as to provide better neighborhood and better living conditions for those attending these institutions.

The House bill contained a warranty provision. It would require that, on a 1- and 2-family house built with Federal assistance, a warranty be given the purchaser that the house was built in accordance with the plans and specifications on which the value was based. The conference committee agreed with the laudable objective of the provision. However, the workability and effectiveness of it was subject to serious question. Rather than agree to such a provision that might hinder rather than help the honest and efficient builder do a better job of providing sounder and less costly housing, and rather than chance getting a

Public Law 95 - 83d Congress
Chapter 171 - 1st Session
S. 1081

AN ACT

To provide authority for temporary economic controls, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Defense Production Act Amendments of 1953".

SEC. 2. Section 2 of the Defense Production Act of 1950, as amended, is amended to read as follows:

Defense Production Act Amendments of 1953.
64 Stat. 798.
50 USC app. 2062.

"DECLARATION OF POLICY

"SEC. 2. In view of the present international situation and in order to provide for the national defense and national security our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires expansion of productive facilities beyond the levels needed to meet the civilian demand."

SEC. 3. Section 101 of the Defense Production Act of 1950, as amended, is amended to read as follows:

50 USC app. 2071.

"SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

Priorities and allocations.

"(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship."

Restriction.

SEC. 4. Subsection (a) of section 301 of the Defense Production Act of 1950, as amended, is amended by striking out "or in connection with or in contemplation of the termination," and by inserting before the period at the end thereof a comma and the following: "or for the purpose of financing any contractor, subcontractor, or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; but no small-business concern (as defined in section 714 (a) (1) of this Act) shall be held ineligible for the issuance of such a guaranty by reason of alternative sources of supply".

50 USC app. 2091.

SEC. 5. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is amended by striking out "1962" and inserting in lieu thereof "1963".

67 Stat. 129.
67 Stat. 130.

SEC. 6. Section 303 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof a new subsection as follows:

65 Stat. 139.
50 USC app. 2163a.

Purchases.
65 Stat. 133.
50 USC app. 2091.

Transfer to
stockpile.

53 Stat. 811.

"(f) Notwithstanding any other provision of law to the contrary, metals, minerals, and materials acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this Act, shall be transferred to the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U. S. C. 98-98h), when the President deems such action to be in the public interest.

50 USC app.
2094.

"Transfers made pursuant to this subsection shall be made without charge against or reimbursement from funds available under such Act of June 7, 1939, as amended, except that costs incident to such transfer other than acquisition costs shall be paid or reimbursed from such funds, and the acquisition costs of such metals, minerals, and materials transferred shall be deemed to be net losses incurred by the transferring agency and the notes payable issued to the Secretary of the Treasury representing the amounts thereof shall be canceled. Upon the cancellation of any such notes the aggregate amount of borrowing which may be outstanding at any one time under section 304 (b) of this Act, as amended, shall be reduced in an amount equal to the amount of any notes so cancelled."

50 USC app.
2151.

Allocations.
Fair share of
civilian sup-
ply.

SEC. 7. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(c) Whenever the President invokes the powers given him in this Act to allocate any material in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period following June 30, 1953: *Provided, however,* That the President shall from time to time give effect to the then current competitive position of established businesses as measured over a reasonable period of time, except as the same may result from Government controls under this or any other Act: *Provided further,* That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns and newly acquired operations from a fair and reasonable share of total authorized production, and shall give due consideration to the needs of new concerns and newly acquired operations: *Provided further,* That if the President continues or reimposes allocation controls after June 30, 1953, in the civilian market of any materials subject to such controls on July 1, 1953, he shall do so in the manner above provided but on the basis of the share received by such business during a representative period preceding June 24, 1950, adjusted to reflect, since such date, attained competitive position, the requirements of new concerns and newly acquired operations."

50 USC app.
2152.

"National
defense."

67 Stat. 130.

67 Stat. 131.

50 USC app.
2155.

Office of
Price Stabil-
ization.
Information.

SEC. 8. Section 702 (d) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(d) The term 'national defense' means programs for military and atomic energy production or construction, military assistance to any foreign nation, stockpiling, and directly related activity."

SEC. 9. Subsection (e) of section 705 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following paragraph:

"All information obtained by the Office of Price Stabilization under this section 705, as amended, and not made public prior to April 30, 1953, shall be deemed confidential and shall not be published or disclosed, either to the public or to another Federal agency except the Congress or any duly authorized committee thereof, and except the Department of Justice for such use as it may deem necessary in the performance of its functions, unless the President determines that

the withholding thereof is contrary to the interests of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both." Penalty.

SEC. 10. (a) Paragraph (4) of subsection (a) of section 714 of the Defense Production Act of 1950, as amended, is amended by striking out "June 30, 1953" and inserting in lieu thereof "July 31, 1953". SDPA, termination.
66 Stat. 306.

(b) Paragraph (3) of subsection (f) of section 714 of the Defense Production Act of 1950, as amended, is amended by inserting after the word "allocated" the first time it appears therein the words "in the civilian market". 50 USC app.
2163a.

(c) Paragraph (4) of subsection (f) of section 714 of the Defense Production Act of 1950, as amended, is repealed. Repeal.

SEC. 11. Subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is amended to read as follows: Termination
dates.

"(a) Title I (except section 104), title III, and title VII (except section 714) of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1955. Section 714 of this Act, and all authority conferred thereunder, shall terminate at the close of July 31, 1953. Section 104, title II, and title VI of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1953. Titles IV and V of this Act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953." 50 USC app.
2166.

SEC. 12. The first sentence of subsection (c) of section 717 of the Defense Production Act of 1950, as amended, is amended by adding before the period at the end thereof a comma and the following: "or the taking of any action (including the making of new guarantees) deemed by a guaranteeing agency to be necessary to accomplish the orderly liquidation, adjustment or settlement of any loans guaranteed under this Act, including actions deemed necessary to avoid undue hardship to borrowers in reconverting to normal civilian production; and all of the authority granted to the President, guaranteeing agencies, and fiscal agents, under section 301 of this Act shall be applicable to actions taken pursuant to the authority contained in this subsection". 50 USC app.
2091.

Approved June 30, 1953.

